Kalia limited

ABN 30 118 758 946

Annual Report

For the financial year ended 30 June 2019

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CORPORATE INFORMATION

Directors and Secretary in Service

The Hon. Mr David Johnston	Non-Executive Chairman
Mr Michael Johnston	Executive Director Corporate Development and Strategy
Mr Sean O'Brien	Non-Executive Director
Mr Jonathan Reynolds	Non-Executive Director
Ms Catherine Grant-Edwards	Joint Company Secretary
Ms Melissa Chapman	Joint Company Secretary

Registered and Principal Office

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Solicitors

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16 Milligan Street
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Bankers

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108 St. Georges Terrace
Perth WA 6000
Telephone: 08 137 000

Auditors

HLB Mann Judd
Level 4, 130 Stirling Street
Perth WA 6000
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Securities Exchange Listing

Kalia Limited shares are listed on the Australian Securities Exchange (ASX: KLH)

DIRECTORS' REPORT

Your directors present their report together with the financial statements of Kalia Limited (**Company**) and the entities it controlled (**Group**) for the financial year ended 30 June 2019. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

Directors

The names of directors who held office during or since the end of the year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

The Hon. David Johnston *B.Juris LLB*
Non-Executive Chairman *Appointed 28 September 2017*

The Honourable David Johnston, former Senator, practiced law in Kalgoorlie, Western Australia specialising in mining conveyancing and tenement disputation. He practiced in Western Australia for 20 years before being elected to the Australian Parliament as a Senator for Western Australia. Mr Johnston was in Parliament for 14 years, and during that time was the Minister for Justice and Customs, the Shadow Minister for Minerals Energy and Tourism, The Shadow Minister for Defence and then the Minister for Defence. Mr Johnston is not, nor has he been a director of any other listed entities in the three years immediately before the end of the current financial year.

Mr Sean O'Brien *AdvDip Accounting (RMIT University Melbourne)*
Non-Executive Director *Appointed 11 May 2018*

Mr Sean O'Brien has experience in finance and general management across a broad range of primary industries. Mr O'Brien has extensive experience overseeing a portfolio of listed and unlisted investments including many in the natural resources sector. Mr O'Brien is currently a Director of Remasys Pty Ltd, a managed services software business based in Australia. Mr Sean O'Brien is not, nor has he been a director of any other listed entities in the three years immediately before the end of the current financial year.

Mr Michael Johnston *BSc, MScHons, AusIMM (Fellow)*
Executive Director *Appointed 22 July 2019*
Corporate Development and Strategy

Mr Michael Johnston has extensive experience in PNG, having been Technical Services Manager at the giant Porgera Gold Mine during the 1990's, then General Manager of Placer Dome's exploration for all of Australia and Asia Pacific in the early 2000's. Most recently Mike was President and CEO of Nautilus Minerals, where he managed the development of the world's first publicly listed (TSX) sea floor mining company and was responsible for raising over A$300 million in finance. Mr Johnston is not, nor has he been a director of any other listed entities in the three years immediately before the end of the current financial year.

Mr Jonathan Reynolds *BCom (Hons), CA, F FIN*
Non-Executive Director *Appointed 22 July 2019*

Mr Jonathan Reynolds has more than 25 years' experience across a range of sectors, mostly in financial management roles having held the position of finance director, chief financial officer and company secretary with a number of listed entities. Previously, he was a senior manager with an international firm of chartered accountants. He is a member of the Institute of Chartered Accountants in Australia, a fellow of the Financial Services Institute of Australasia and holds a Bachelor of Commerce (Honours) degree. Mr Reynolds is, or has been a director of the following listed entities in the three years immediately before the end of the current financial year:

- Allegiance Coal Ltd (August 2016 to present)

Mr. Terry Larkan *BCompt.MBA FGIA FCIS FCPA (Aust.)*
Managing Director *Appointed 26 October 2017, Resigned 9 August 2019*

Mr Terry Larkan has over 30 years mining finance and general management experience in Australasia, Africa and the Americas. Mr Larkan's previous roles include a director of Bellzone Mining, partner with Ernst & Young (Australia) and vice-president with Barrick Gold based in Toronto. Mr Larkan is not, nor has he been a director of any other listed entities in the three years immediately before the end of the current financial year.

Mr. Peter Batten *BSc Geology MAusIMM*
Technical Director *Appointed 9 January 2018, Resigned 5 August 2019*

Mr Peter Batten is a geologist with 35 years of experience in the resources industry as a geologist, mine manager and consultant and has worked on nickel, gold, graphite, uranium and iron ore focussed projects. Mr Batten has worked in

Bougainville, Australia, Botswana, Argentina, Guinea, Indonesia, Namibia, New Zealand, South Africa, Sweden, USA and Zimbabwe. Mr Batten is not, nor has he been a director of any other listed entities in the three years immediately before the end of the current financial year.

Company Secretary

Ms Catherine Grant-Edwards and Ms Melissa Chapman
Appointed Joint Company Secretary 20 May 2019

Ms Catherine Grant-Edwards (BCom, Chartered Accountant (CA)) and Ms Melissa Chapman (BCom, Certified Practicing Accountant (CPA), AGIA/ACIS, GAICD) and were appointed as Joint Company Secretary on 20 May 2019. Ms Grant-Edwards and Ms Chapman are directors of Bellatrix Corporate Pty Ltd (**Bellatrix**), a company that provides company secretarial and accounting services to a number of ASX listed companies. Between them, Ms Grant-Edwards and Ms Chapman have over 30 years' experience in the provision of accounting, finance, and company secretarial services to public listed resource and private companies in Australia and the UK, and in the field of public practice within external audit.

Mr Phillip Hartog
Appointed 29 March 2018, Resigned 20 May 2019

Mr Phillip Hartog (B. Compt, CPA (Aust.), IIA) is an experienced mining and finance professional whose career has spanned more than 30 years. He has worked for big 4 accounting firms and in the resource sector in Australia, West Africa, DRC and in South Africa.

Director interests in the shares and options of the Company and related bodies corporate

The following relevant interests in shares and options of the Company or a related body corporate were held by the directors in office as at the date of this report.

Directors	Number of fully paid ordinary shares	Number of options over ordinary shares
The Hon. Mr David Johnston	18,697,289	-
Mr Sean O'Brien	-	-
Mr Michael Johnston	-	-
Mr Jonathan Reynolds	-	-

Dividends

No dividends have been paid or declared since the start of the financial year and the directors do not recommend the payment of a dividend in respect of the financial year.

Principal Activities

The principal activity of the entities within the Group during the year was mineral exploration with a focus on copper / gold in Bougainville, Papua New Guinea.

Other than as disclosed above, there have been no significant changes in the nature of those activities during the year.

Significant changes in the state of affairs

There have been no significant changes in the Company's state of affairs during the year.

Review of operations

Toremana Project (interest 75%)

The Company, through Toremana Joint Venture Limited (**TJV**) (incorporated in PNG on 1 August 2018 as an incorporated Joint Venture), manages two Exploration Licences (ELs) on the northern end of the island of Bougainville, Autonomous Region of Bougainville, Papua New Guinea.

TJV is 75% owned by the Group, with the remaining 25% being held by Toremana Resources Limited (**Toremana**), a registered landowner association.

The two ELs, EL03 and EL04, were both granted on 15 November 2017 for an initial term of three years, expiring 14 November 2020, and cover a combined area of 1,704 km^2.

Bougainville Island sits within the "Pacific Rim of Fire" and is considered prospective for intrusive related porphyry copper/gold and epithermal gold deposits. The wider region includes several world class intrusion related copper/gold and gold deposits, including the Panguna Mine, situated ~100km south of the TJV tenements.

During the year under review the Company has;

- completed collecting detailed geophysical data over the two tenements;
- reported on the geophysical consultant's interpretation of the processed geophysical data (refer Quarterly Activities Report for Quarter Ending March 2019, dated 18 April 2019)
- reported on an independent review of historic geochemical data (refer Announcement 13 May 2019);
- reported on numerous exploration field trips by Company personnel within the two ELs; and
- continued with community engagement and the development of a dedicated community relations team.

The 2018 geophysical survey was conducted by Thomson Aviation between August and November 2018. The final clean data set was received in January 2019. Data was acquired along 200m spaced lines, orientated northeast (045 degrees) at a nominal flying height of 80 metres. A total of 9,890 line kilometres of usable data was collected over both ELs.

Fathom Geophysics ("**Fathom**"), an independent geophysical consulting company, completed processing and interpretation of the data. Fathom defined a total 64 ranked geophysical targets, with 12 being categorised as Priority 1 targets based on various geophysical, geological and geochemical criteria considered characteristic of intrusion related porphyry and epithermal deposits (refer March 2019 Quarterly Activities Report). All but two of the twelve priority targets cluster around the margin of the large magnetic anomaly that Fathom defined at depth within the central portion of EL03.

An independent interpretation of the Company's geochemical and geological database was completed by Dr Steve Garwin (refer ASX Announcement 13 May 2019). The review confirmed that rocks from within the Group's tenements have whole rock geochemical signatures (V/Sc ratios and SiO2%) consistent with fractionation trends considered favourable for the production of world class copper/gold systems. Dr Garwin's review also noted that areas of favourable stream sediment and rock chip geochemistry are also largely associated with the margin of the large magnetic anomaly defined by the earlier Fathom geophysical interpretation, in particular the West (greater Melilup region), South-West (Central highlands), and South-East (greater Aita region) portions of the body.

Exploration field trips were undertaken throughout the year under review. Results are detailed in quarterly activity reports (refer ASX Announcements 18 April and 26 July 2019). Under the Autonomous Bougainville Government (**ABG)** *Mining Act 2015*, landowners have both mineral ownership and access rights. As this is a relatively new piece of legislation, and after 30+ years of no mineral exploration during the "crisis", landowners, the Department of Mineral and Energy Resources (**DoMER**), and the Company have been developing trust and protocols to allow land access. This process is ongoing and improving.

Access issues continued to be experienced for many of the priority 1 target areas, in particular Aita, Melilup, and the SW portion of the Fathom magnetic anomaly within the central portion of EL03.

A number of exploration field trips were undertaken to the Teosiri-Teoveane areas, as access improved in this area. The region contains late stage intrusives, with average whole rock geochemistry suggesting the area is prospective for epithermal style mineralisation. Sampling to date is generally weakly anomalous, with a maximum reported assay of 2.76 g/t Au, 4.90 g/t Ag, 0.32% Cu, 1,22% Pb, and 2.40% Zn. Further work is planned in the Teosiri-Teoveane area to define higher grade zones and establish continuity to any structures.

Attempts to access the Melilup area have been problematic during the period, with exploration teams yet to reach the Fathom priority 1 target in this area. Mapping and sampling on traverses completed to date do show monzonite and diorite intrusives in the greater region, with weak geochemistry (up to 0.07 g/t Au and 1800ppm Cu in rock float). Access is required to the Fathom target to complete evaluation of this highly prospective region.

Access to the highly prospective greater Aita region and Dr Garwin's major geochemical anomaly in the SW portion of Fathom's inferred intrusive body are still pending resolution of landowner issues. Sampling of float in the Baiano area on the edge of Aita region has returned assays up to 1.45% Cu and 2.20 g/t Au from separate samples highlighting the prospectivity of the greater Aita region.

Exploration field trips were also completed at Kunai Hills (Fathom priority 1 target), Puspa, Rapoma, Matesioria, and Kaburirui. Results from all these regions generally did not return any significant results, and their prospectivity has been downgraded accordingly.

Community

The Company continued working with landowners during the period to convert ownership of their interest in TJV into eight landowner associations aligned along electoral boundaries, rather than based on clan lines as was originally structured. This structure simplifies communication channels and provides the communities with incorporated representative structures through which wider economic activity can be organised. The work is scheduled for completion towards the end of quarter three 2019.

Concurrent with this work, the Company's community liaison work has been focused on conducting awareness and education of the exploration processes throughout the two ELs. Seeking approval for and negotiating formal access agreements from all affected clans has also been a major part of the community teams' activities in the review period. Many of these agreements are now being finalised, with oversight from DoMER, and this should improve access for exploration teams going forward.

An important part of the community teams future work will now move toward reviewing and defining clan landownership, in close association with various relevant ABG Departments, with final sign-off required from an independent group as per the *ABG Mining Act 2015.*

Preliminary discussions have also commenced with our TJV partners, the Landowner Associations and DoMER regarding the pending Exploration Licence renewals scheduled for 14 November 2020. Results of these discussions will be reported in 2020 when finalised.

Australian Projects

Following a strategic review of the Group's projects during the year, the Company surrendered its remaining Australian exploration licences.

Financial Review

The Group recorded a net loss after tax of $707,004 for the financial year ended 30 June 2019 (2018: $18,666,389). The cash balance at the end of the financial year was $2,644 (2018: $291,655) and a total of $4,250,000 (2018: $1,070,000) in funds have been drawn from the Company's loan facility (**Facility**) with Tygola Pty Ltd (**Tygola**). At 30 June 2019, the Company has access to a further $1.75 million funding under its Facility arrangements with Tygola.

Corporate

Board restructure

Subsequent to balance date, the board of directors was restructured as detailed in the 'significant events after balance sheet date' section of this report.

Shareholder Meetings

The Company's annual general meeting was held on 29 November 2018 (**AGM**). All AGM resolutions were approved by shareholders.

The Company held an extraordinary general meeting on 6 May 2019 (**EGM**). All EGM resolutions were approved by shareholders.

Securities

On 13 May 2019 a total of 44,500,000 unlisted options with an exercise price of $0.006 and expiry of 13 May 2019 expired unexercised.

On 16 May 2019 a total of 480,000,000 shares were released from escrow.
On 30 June 2019 a total of 250,000,000 unlisted options with an exercise price of $0.003 and expiry date 30 June 2019 lapsed.

On 1 June 2019 a total of 250,000,000 performance rights (Class C) with an expiry date of 1 June 2019 lapsed, converting, in accordance with its terms, into one ordinary share.

Legal

On 16 November 2017 the Company announced that it had been named as a defendant in legal action brought by various plaintiffs, including ASX quoted company RTG Mining Ltd. The Company has been defending the claims made against it and believes they are without merit. All parties to the action have been referred for mediation.

Significant events after balance date

Funding

On 24 July 2019 and 29 September 2019, Tygola agreed to continue to support the Company through loan facilities. A summary of the loan arrangements in place are:

- a $3 million secured loan provided to the Company in May 2018 (**Facility 1**) which is due to be repaid on, 31 December 2019 bearing interest at 10% per annum and levying a facility fee of 5%;
- a second secured loan agreed in January 2019, approved at the EGM (**Facility 2**), which has been increased from $1.25 million to $1.5 million and which is due to be repaid on 31 December 2019 bearing interest at 10% per annum and levying a facility fee of 5%;
- a third, unsecured loan of $1.5 million (**Facility 3**) which is due to be repaid on 31 December 2019 bearing interest at 10% per annum and levying a facility fee of 5%;
- a fourth, unsecured loan facility of $3 million (**Facility 4**) which is due to be repaid on 31 December 2019 bearing interest at 10% per annum and levying a facility fee of 5%;
- 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; and
- subsequent to year end the Group has received $0.25 million from Facility 2 (thus Facility 2 has been fully drawn down) and $0.3 million of Facility 3, leaving a total of $4.2 million available to the Company for drawdown under Facilities 3 and 4.

Furthermore, Tygola has agreed in principle, subject to agreeing terms and any required shareholder approval at the time, to convert the total amount owing to it into ordinary shares in the Company as part of a larger recapitalisation program planned to be implemented by the Company. Any such recapitalisation proposal will be advised to shareholders in due course.

Board restructure

The following board changes have occurred:

- Mr Michael Johnston was appointed as an Executive Director on 22 July 2019;
- Mr Jonathan Reynolds was appointed as a Non-Executive Director on 22 July 2019;
- Mr Peter Batten resigned as Technical Director on 5 August 2019; and
- Mr Terrence Larkan resign as Managing Director on 9 August 2019.

Other than events noted above, there has been no additional matter or circumstances that has arisen after balance date that has significantly affected, or may significantly affect, the operations of the Group, the result of those operations, or the state of affairs of the Group in future financial periods.

Likely developments and expected results

The Group plans to continue to advance its exploration activities at its Toremana Project.

Environmental legislation

In the course of its normal exploration activities, the Group adheres to environmental regulations imposed on it by the various regulatory authorities, particularly those regulations relating to ground disturbance and the protection of rare and endangered flora and fauna.

The Group has complied with all material environmental requirements during the financial year.

The Board believes that the Group has adequate systems in place for the management of its environmental requirements and is not aware of any breach of these environmental requirements as they apply to the Group.

Indemnification and insurance of Directors and Officers

The Company has agreed to indemnify all the directors of the Company for any liabilities to another person (other than the Company or related body corporate) that may arise from their position as directors of the Company and its controlled entities, except where the liability arises out of conduct involving a lack of good faith.

Remuneration report

This report, which forms part of the directors' report, outlines the remuneration arrangements in place for the key management personnel (**KMP**) of the Company for the financial year ended 30 June 2019. The information provided in this remuneration report has been audited as required by Section 308(3C) of the Corporations Act 2001.

The remuneration report details the remuneration arrangements for KMP who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any director (whether executive or otherwise) of the parent Company.

The identified KMP of the Company during the year ended 30 June 2019 were:

- Mr David Johnston (Non-Executive Chairman)
- Mr Sean O'Brien (Non-Executive Director)
- Mr Terrence Larkan (Managing Director) (resigned 9 August 2019)
- Mr Peter Batten (Technical Director) (resigned 5 August 2019)
- Mr Phillip Hartog (Company Secretary and CFO) (resigned from roles 20 May 2019 and 24 May 2019 respectively)

Remuneration philosophy

The performance of the Company depends upon the quality of the directors and executives. The Board has the authority and responsibility for planning, directing and controlling the activities of the Company and the Group, including directors of the company and of the senior management. Compensation levels for directors and senior management of the Group are competitively set to attract and retain appropriately qualified and experienced directors and executives.

Remuneration levels in general are not dependent upon any performance criteria as the Company and the Group are not generating a profit. Certain share-based payments however could have performance conditions with a market condition to incentivise the recipients.

Remuneration committee

The Board of Directors of the Company is responsible for determining and reviewing compensation arrangements for the directors and the executive team.

The Board assesses the appropriateness of the nature and amount of remuneration of directors and executives on a periodic basis by reference to relevant employment market conditions with an overall objective of ensuring maximum stakeholder benefit from the retention of a Board and executive team with the relevant expertise, experience and ability to best serve the Company's needs.

Remuneration structure

In accordance with best practice corporate governance, the structure of non-executive director and executive remuneration is separate and distinct.

Non-executive director remuneration

The Board seeks to set aggregate remuneration at a level that provides the Company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

The ASX Listing Rules specify that the aggregate remuneration of non-executive directors shall be determined from time to time by a general meeting. The aggregate level ($500,000) was set at the time of the company's incorporation and has not changed since.

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst directors is reviewed annually. The Board considers advice from external shareholders as well as the fees paid to non-executive directors of comparable companies when undertaking the annual review process.

The remuneration of non-executive directors for the year ended 30 June 2019 is detailed in the below remuneration table.

Senior manager and executive director remuneration

Remuneration consists of fixed remuneration only.

Fixed Remuneration

Fixed remuneration is reviewed annually by the Board of Directors. The process consists of a review of relevant comparative remuneration in the market and internally and, where appropriate, external advice on policies and practices. The Board of Directors has access to external, independent advice where necessary. No remuneration consultants were used during the year. The fixed remuneration of the Company Directors and executives is detailed in in the below remuneration table.

2018 Annual General Meeting

The company's most recent Annual General Meeting was held on 29 November 2018. The remuneration report for the financial year ended 30 June 2018 was adopted for the purposes of section 250R(2) of the Corporations Act 2001 and for all other purposes.

Bonuses

No bonuses were granted during the year.

Employment and Services Contracts

Mr David Johnston – Non-Executive Chairman
The key terms of Mr Johnston's service contract are:
- Chairman and consulting fees of $60,000 per annum plus statutory superannuation
- Termination notice 3 months by either party
- No termination benefits

Terry Larkan – Managing Director (Resigned 9 August 2019)
The key terms of Mr. Larkan's service contract are:
- Mr Larkan received a salary component of $300,000 per annum, including superannuation at the current statutory level
- Mr Larkan has agreed to defer part payment of his remuneration to prioritise cash flow to activities directly related to exploration. In addition, Mr Larkan was eligible for a Short and Long Term Incentive package
- Termination notice by Company without reason is 6 months and 3 months by the executive
- A termination payment of 12 months' salary payable in the event of a change of control

Peter Batten – Technical Director (Resigned 5 August 2019)
The key terms of Mr. Batten's service contract are:
- Mr Batten received a salary component of $250,000 per annum, including superannuation at the current statutory level
- Termination notice by Company without reason is 6 months and 3 months by the executive
- A termination payment of 6 months' salary payable in the event of a change of control

Phillip Hartog – Company Secretary / CFO (Resigned from roles 20 May 2019 and 24 May 2019 respectively)
The key employment terms of Mr. Hartog's employment are:
- Salary $175,000 per annum plus statutory superannuation
- Termination notice 1 month by either party
- No termination benefits

Key Management Personnel remuneration for the years ended 30 June 2019 and 30 June 2018

	Short-term employment benefits		Post-employment benefit			
	Salary	Consulting fees	Superannuation	Share-based payment	Total	Performance related
30 June 2019	$	$	$	$	$	%
Directors						
D Johnston	60,000	-	5,700	-	65,700	-
S O'Brien	-	-	-	-	-	-
T Larkan(i)	279,469	-	20,531	162,184	462,184	35%
P Batten(ii)	229,469	-	20,537	-	250,006	-
Executives						
P Hartog(iii)	165,476	-	15,720	-	181,196	-
Total	734,414	-	62,488	162,184	959,086	17%

30 June 2018	Short-term employment benefits		Post-employment benefit			
	Salary	Consulting fees	Superannuation	Share-based payment	Total	Performance related
	$	$	$	$	$	%
Directors						
D Johnston	45,000	35,000	4,275	-	84,275	-
S O'Brien	-	-	-	-	-	-
T Larkan(i)	220,731	-	20,049	20,440	261,220	8%
P Batten(ii)	181,307	-	15,807	-	197,114	-
S Rechner (iv)	6,253	27,200	594	-	34,047	-
D Detata(v)	6,000	-	570	-	6,570	-
N Burn (vi)	10,500	103,350	997	-	114,847	-
Executives						
P Hartog(iii)	50,480	-	4,795	-	55,275	-
A MacKintosh(vii)	57,500	-	5,462	-	62,962	-
Total	577,771	165,550	52,549	20,440	816,310	3%

(i) Resigned 9 August 2019
(ii) Resigned 5 August 2019
(iii) Resigned from Company Secretary role 20 May 2019 and from CFO role 24 May 2019
(iv) Resigned 28 September 2017
(v) Resigned 26 October 2017
(vi) Resigned 9 January 2018
(vii) Resigned 31 March 2018

No member of key management personnel appointed during the period received a payment as part of his or her consideration for agreeing to hold the position.

Shareholdings of Key Management Personnel

30 June 2019	Balance at beginning of period	Granted as remuneration	On Exercise of Options	Net Change Other	Balance at end of period
	Number	Number	Number	Number	Number
Directors					
D Johnston	19,322,289	-	-	(625,000)	18,697,289
S O'Brien	-	-	-	-	-
T Larkan	1,000,000	-	-	-	1,000,000
P Batten	36,144,578	-	-	-	36,144,578
Executives					
P Hartog	-	-	-	-	-
Total	54,466,867	-	-	(625,000)	55,841,867

30 June 2018	Balance at beginning of period	Granted as remuneration	On Exercise of Options	Net Change Other	Balance at end of period
	Number	Number	Number	Number	Number
Directors					
D Johnston	-	-	-	19,322,289	19,322,289
S O'Brien	-	-	-	-	-
T Larkan	-	-	-	1,000,000	1,000,000
P Batten	-	-	-	36,144,758	36,144,578
S Rechner	11,718,750	-	-	-	11,718,750(i)
D Detata	9,000,000	-	-	-	9,000,000(i)
N Burn	5,125,000 (ii)	-	-	-	5,125,000(i)
Executives					
P Hartog	-	-	-	-	-
A MacKintosh	2,300,000	-	-	10,000,000	12,300,000(i)
Total	28,143,750	-	-	66,467,047	94,610,979

(i) Held at the time of resignation of director and or executive
(ii) Held at the time of appointment of director

All equity transactions with key management have been entered into under terms and conditions no more favourable than those the Group would have adopted if dealing at arm's length.

Option holdings of Key Management Personnel

	Balance at beginning of period	Granted as remuneration	Options exercised	Net Change Other	Balance at end of period
30 June 2019	Number	Number	Number	Number	Number
Directors					
D Johnston	-	-	-	-	-
S O'Brien	-	-	-	-	-
T Larkan	100,000,000	-	-	-	100,000,000
P Batten	-	-	-	-	-
Executives					
P Hartog	-	-	-	-	-
Total	100,000,000	-	-	-	100,000,000

	Balance at beginning of period	Granted as remuneration	Options exercised	Net Change Other	Balance at end of period
30 June 2018	Number	Number	Number	Number	Number
Directors					
D Johnston	-	-	-	-	-
S O'Brien	-	-	-	-	-
T Larkan	-	100,000,000	-	-	100,000,000
P Batten	-	-	-	-	-
S Rechner	20,000,000		(5,000,000)	-	15,000,000(i)
D Detata	-	-	-	-	-
N Burn	10,500,000		(1,000,000)	-	9,500,000(i)
Executive					
P Hartog	-	-	-	-	-
A MacKintosh	-	-	-	-	-
Total	30,500,000	100,000,000	(6,000,000)	-	124,500,000

(i) Held at the time of resignation of director

Options Exercised

There were no options exercised by KMP during the year ended 30 June 2019. Options exercised in the prior year ended 30 June 2018 were as follows:

	Options exercised Number	Grant Date	Value at exercise date(i)
Directors			
S Rechner	(5,000,000)	25 Nov 2016	$0.01
N Burn	(1,000,000)	25 Nov 2016	$0.01

(i) The value at the date of exercise of options that were granted as part of remuneration and exercised during the year has been determined as the intrinsic value of the options as at exercise date.

Options granted as remuneration

There were no options granted as remuneration to KMP during the year ended 30 June 2019. Options granted in the prior year ended 30 June 2018 were as follows:

	Granted	Grant Date	Value per option at grant date	Value of options at grant date
	Number		$	$
Director				
T Larkan	35,000,000	16 May 2018	$0.0057	$199,500
T Larkan	35,000,000	16 May 2018	$0.0063	$220,500
T Larkan	30,000,000	16 May 2018	$0.0068	$204,000

The value of options at grant date is allocated over the vesting period and $162,184 has been expensed in the year ended 30 June 2019 (2018: $20,440).

End of Remuneration Report

Directors' Meetings

The number of meetings of directors held during the year and the number of meetings attended by each director were as follows:

	Directors meetings held / eligible to attend	Total attended
D Johnston	5	5
S O'Brien	5	5
T Larkan	5	5
P Batten	5	5

Proceedings on behalf of the Company

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

Auditor Independence

Section 307C of the Corporations Act 2001 requires our auditors, HLB Mann Judd, to provide the directors of the Company with an Independence Declaration in relation to the audit of the financial report. This Independence Declaration is set out on page 14 and forms part of this directors' report for the year ended 30 June 2019.

Non-Audit Services

No non-audit services were provided during the year by the auditor.

Signed in accordance with a resolution of the directors.

Dated: 30 September 2019

The Hon. Mr David Johnston
Non-Executive Chairman

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of Kalia Limited for the year ended 30 June 2019, I declare that to the best of my knowledge and belief, there have been no contraventions of:

a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b) any applicable code of professional conduct in relation to the audit.

Perth, Western Australia **M R Ohm**
30 September 2019 **Partner**

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2019

	Notes	2019 $	2018 $
Continuing operations			
Interest income	2	209	191
Other income	13(c)	3,750,000	-
Administrative and employee benefits expense	2	(2,217,235)	(1,844,980)
Depreciation expense	9	(53,134)	(4,410)
Accounting expense		(65,002)	(51,886)
Project generation		(1,585,142)	(794,483)
Finance cost	12	(443,497)	(81,182)
Loss on sale of tenements		-	(12,800)
Acquisition costs of Kalia Holdings Pty Ltd	17	-	(15,506,074)
Impairment of exploration assets	10	-	(370,765)
Impairment of property, plant and equipment	9	(78,099)	-
Foreign exchange expense		(15,104)	-
Loss before income tax expense		(707,004)	(18,666,389)
Income tax expense	3	-	-
Loss for the year		(707,004)	(18,666,389)
Other comprehensive income, net of income tax			
Items that may be reclassified to profit and loss			
Exchange differences on translation of foreign operations		(42,537)	(43,585)
Other comprehensive income/(loss) for the year, net of tax		(42,537)	(43,585)
Total comprehensive loss for the year attributable to owners of the parent		(749,541)	(18,709,974)
Loss attributable to:			
Owners of the parent		(749,541)	(17,981,198)
Non-controlling interest		-	(685,191)
		(749,541)	(18,666,389)
Total Comprehensive loss attributable to:			
Owners of the parent		(749,541)	(18,024,783)
Non-controlling interest		-	(685,191)
		(749,541)	(18,709,974)
Basic (loss) per share (cents per share)	5	(0.028)	(0.010)
Diluted (loss) per share (cents per share)	5	(0.028)	(0.010)

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

	Notes	2019 $	2018 $
Assets			
Current assets			
Cash and cash equivalents	6	2,644	291,655
Trade and other receivables	7	14,652	23,016
Prepayments and deposits	8	42,237	445,158
Total current assets		59,533	759,829
Non-current assets			
Property, plant and equipment	9	119,348	89,909
Deferred exploration and evaluation expenditure	10	-	-
Total non-current assets		119,348	89,909
Total assets		178,881	849,738
Liabilities			
Current liabilities			
Trade and other payables	11	980,556	494,056
Borrowings	12	4,250,000	1,070,000
Total current liabilities		5,230,556	1,564,056
Total liabilities		5,230,556	1,564,056
Net liabilities		(5,051,675)	(714,318)
Equity			
Issued capital	13	30,037,228	29,162,228
Reserves	14	(5,405,054)	(899,701)
Accumulated losses	15	(29,683,849)	(28,976,845)
Total deficiency		(5,051,675)	(714,318)

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2019

	Notes	Share capital	Option premium reserve	Share-based payment reserve	Foreign currency translation reserve	Minority Interest acquisition reserve	Accumulated losses	Attributable to owners of the Company	Non-controlling Interest	Total Equity
		$	$	$	$	$	$	$	$	$
Balance at 1 July 2017		11,223,627	245,660	217,975	-	-	(10,995,647)	691,615	-	691,615
Loss for the period		-	-	-	-	-	(17,981,198)	(17,981,198)	(685,191)	(18,666,389)
Exchange differences arising on translation of foreign operations		-	-	-	(43,585)	-	-	(43,585)	-	(43,585)
Total comprehensive loss for the period		-	-	-	(43,585)	-	(17,981,198)	(18,024,783)	(685,191)	(18,709,974)
Issue of shares		2,476,428	-	-	-	-	-	2,476,428	-	2,476,428
Acquisition of Non-controlling interest	17	5,280,000	-	-	-	(5,965,191)	-	(685,191)	685,191	-
Acquisition and Performance Shares	17	10,843,373	-	3,750,000	-	-	-	14,593,373	-	14,593,373
Shares issued in settlement of loan		300,000	-	-	-	-	-	300,000	-	300,000
Shares issued on exercise of options	13	81,000	-	-	-	-	-	81,000	-	81,000
Director options		-		20,440	-	-	-	20,440	-	20,440
Adviser options	16	-	-	875,000	-	-	-	875,000	-	875,000
Share issue costs		(1,042,200)	-	-	-	-	-	(1,042,200)	-	(1,042,200)
Balance at 30 June 2018		**29,162,228**	**245,660**	**4,863,415**	**(43,585)**	**(5,965,191)**	**(28,976,845)**	**(714,318)**	**-**	**(714,318)**
Balance at 1 July 2018		29,162,228	245,660	4,863,415	(43,585)	(5,965,191)	(28,976,845)	(714,318)	-	(714,318)
Loss for the period		-	-	-	-	-	(707,004)	(707,004)	-	(707,004)
Exchange differences arising on translation of foreign operations		-	-	-	(42,537)	-	-	(42,537)	-	(42,537)
Total comprehensive loss for the period		-	-	-	(42,537)	-	(707,004)	(749,541)	-	(749,541)
Performance shares (Class C)	13	-	-	(3,750,000)	-	-	-	(3,750,000)	-	(3,750,000)
Director options	13	-	-	162,184	-	-	-	162,184	-	162,184
Adviser options	13	-	-	(875,000)	-	-	-	(875,000)	-	(875,000)
Share issue costs	13	875,000	-	-	-	-	-	875,000	-	875,000
Balance at 30 June 2019		**30,037,228**	**245,660**	**400,599**	**(86,122)**	**(5,965,191)**	**(29,683,849)**	**(5,051,675)**	**-**	**(5,051,675)**

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2019

	Notes	2019 $	2018 $
Cash flows from operating activities			
Payments to suppliers and employees		(1,685,277)	(1,732,128)
Project generation		(1,152,676)	(1,123,702)
Interest received		209	191
Net cash (outflows) from operating activities	6	(2,837,744)	(2,855,639)
Cash flows from investing activities			
Exploration and evaluation expenditure		(55,887)	(405,190)
Payment for plant and equipment		(161,648)	(94,319)
Proceeds on sale of tenement		-	30,000
Proceeds on sale of plant and equipment		976	-
Pace grant received		-	134,217
Net cash (outflows) from investing activities		(216,559)	(335,292)
Cash flows from financing activities			
Proceeds from issue of shares		-	2,557,427
Payments for share issue costs		-	(167,200)
Repayment of borrowings		-	(100,000)
Proceeds from borrowings		3,180,000	1,190,000
Transaction costs related to borrowings		(159,000)	(53,500)
Interest on borrowings		(255,708)	(1,400)
Net cash inflows from financing activities		2,765,292	3,425,327
Net (decrease)/increase in cash and cash equivalents		(289,011)	234,396
Cash and cash equivalents at the beginning of the year		291,655	57,259
Effect of exchange rate fluctuations on cash held		-	-
Cash and cash equivalents at the end of the year	6	2,644	291,655

For reconciliation of cash flows from financing activities refer note 12.

The accompanying notes form part of these financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

These financial statements are general purpose financial statements, which have been prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standards and Interpretations and comply with other requirements of the law.

The accounting policies detailed below have been consistently applied to all of the years presented unless otherwise stated. The financial statements are for the Group consisting of Kalia Limited and its subsidiaries.

The financial statements have been prepared on a historical cost basis. Cost is based on the fair values of the consideration given in exchange for assets.

The financial statements are presented in Australian dollars.

The Company is a listed public company, incorporated in Australia. The entity's principal activities are exploration focused on copper and gold in Bougainville.

The financial report was authorised for issue by the directors on 30 September 2019.

(b) Statement of compliance

The financial report complies with Australian Accounting Standards as issued by the Australian Accounting Standards Board and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

(c) Going concern

The financial statements have been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The Group has incurred a net loss after tax of $707,004 (2018: net loss after tax $18,666,389) and incurred net cash outflows from operating and investing activities of $3,054,303 for the year ended 30 June 2019 (2018: $3,190,931). The Group has a working capital deficit of $5,171,023 as at 30 June 2019 (2018: $804,227).

The nature of the Group's current activities does not provide the Group with revenues.

The Group has historically met its cash flow requirements by raising the required capital through the placing of shares with investors and via its loan facility arrangements with Tygola Pty Ltd (**Tygola**). At 30 June 2019 the Group had cash assets of $2,644 and as agreed on 19 July 2019 and on 29 September 2019, the Company obtained continued support from Tygola in respect of its existing and new loan facilities. The total limit of the loan facilities is $9,000,000. The amount drawn down at 30 June 2019 was $4,250,000, leaving a remaining facility for draw down of $4,750,000. On 31 December 2019 the Company has to repay the full drawn down amount up to $9,000,000. Subsequent to year end the Group has received $250,000 under Facility 2 and $300,000 under Facility 3, leaving a remaining facility for draw down of $4,200,000.

The Group will need to secure sources of external funding to enable it to continue to meet its liabilities as and when they fall due. The Group has a variety of options for sourcing additional funds but it is principally dependent on its ability to raise additional capital.

In September 2019, Tygola agreed in principle, subject to agreeing terms and any required shareholder approval at the time, to convert the total amount owing to it into ordinary shares in the Company as part of a recapitalisation effort to be progressed by the Company over the coming months. Any such recapitalisation proposal will be advised to shareholders in due course.

While the Directors believe that the Group will obtain sufficient funding, the Directors have concluded that the lack of committed funds represents a material uncertainty that may cast significant doubt upon the Company's ability to continue as a going concern, and therefore the Group and Company may be unable to realise its assets and discharge its liabilities in the normal course of business. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

After considering the uncertainties mentioned above, the Directors have a reasonable expectation that the Group will be able to obtain additional funding that will provide the Group with sufficient resources to continue in operational existence for the foreseeable future. For this reason, the Directors are satisfied that the going concern basis of preparation is appropriate. The financial report has therefore been prepared on the going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

(d) Adoption of new and revised standards

New accounting standards adopted in the current period

The Company has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (**AASB**) that are mandatory for the current reporting period. Adoption of these standards and interpretations did not have any effect on the statements of financial position or performance of the Company.

AASB 9 *Financial Instruments* (AASB 9)

AASB 9 *Financial Instruments* (**AASB 9**) replaces AASB 139 *Financial Instruments: Recognition and Measurement* (**AASB 139**) for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Group has applied AASB 9 retrospectively, with the initial application date of 1 July 2018.

AASB 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. The Company has adopted AASB 9 retrospectively in accordance with the standard; changes in accounting policies resulting from the adoption of AASB 9 did not have a material impact on the Company's consolidated financial statements.

AASB 9 largely retains the existing requirements of AASB 139 for the classification and measurement of financial liabilities, however, it eliminates the previous AASB 139 categories for financial assets held to maturity, receivables and available for sale. Under AASB 9, on initial recognition a financial asset is classified as measured at:

(a) Amortised cost;

(b) Fair Value through Other Comprehensive Income (**FVOCI**) – debt investment;

(c) FVOCI – equity investment; or

(d) Fair Value through Profit or Loss (**FVTPL**)

The classification of financial assets under AASB 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition. For financial assets measured at amortised cost, these assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses.

Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

As of 30 June 2019, the Company's financial instruments consist of cash and cash equivalents, trade and other receivables, trade and other payables and borrowings.

Cash and cash equivalents and trade and other receivables previously designated as receivables under AASB 139 are now classified as amortised cost under AASB 9. The trade and other payables and borrowings are designated as other financial liabilities, which are measured at amortised cost.

The cash and cash equivalents, trade and other receivables, trade and other payables and borrowings approximate their fair value due to their short-term nature.

Other financial liabilities (as reported in the balance sheet) are reported as financial liabilities and measured through the fair value through the profit and loss.

The Company classified the fair value of the financial instruments according to the following fair value hierarchy based on the amount of observable inputs used to value the instruments:

The three levels of the fair value hierarchy are:

- Level 1 – Values based on unadjusted quoted prices available in active markets for identical assets or liabilities as of the reporting date.
- Level 2 – Values based on inputs, including quoted prices, time value and volatility factors, which can be substantially observed or corroborated in the marketplace. Prices in Level 2 are either directly or indirectly observable as of the reporting date.
- Level 3 – Values based on prices or valuation techniques that are not based on observable market data.

Impairment of financial assets

In relation to the financial assets carried at amortised cost, AASB 9 requires an expected credit loss model to be applied as opposed to an incurred credit loss model under AASB 139. The expected credit loss model requires the Group to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial asset. In particular, AASB 9 requires the Group to measure the loss allowance at an amount equal to lifetime expected credit loss (“ECL”) if the credit risk on the instrument has increased significantly since initial recognition. On the other hand, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group is required to measure the loss allowance for that financial instrument at an amount equal to the ECL within the next 12 months.

As at 1 July 2018, the directors of the Company reviewed and assessed the Group’s existing financial assets for impairment using reasonable and supportable information. In accordance with AASB 9, where the directors concluded that it would require undue cost and effort to determine the credit risk of a financial asset on initial recognition, the Group recognises lifetime ECL. The result of the assessment is as follows:

Class of financial instrument presented in the statement of financial position	Original measurement category under AASB 139	New measurement category under AASB 9
Cash and cash equivalents	Loans and receivables	Financial assets at amortised cost
Trade and other receivables	Loans and receivables	Financial assets at amortised cost
Trade and other payables	Financial Liability at amortised cost	Financial liability at amortised cost
Borrowings	Financial Liability at amortised cost	Financial liability at amortised cost

The change in classification has not resulted in any re-measurement adjustment at 1 July 2018.

AASB 15 *Revenue from Contracts with Customers* (AASB 15)

The Group has adopted AASB 15 as issued in May 2014 with the date of initial application being 1 July 2018. In accordance with the transitional provisions in AASB 15 the standard has been applied using the full retrospective approach.

AASB 15 supersedes AASB 118 Revenue, AASB 111 Construction Contracts and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under AASB 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

At 1 July 2017 and at 1 July 2018 it was determined that the adoption of AASB 15 had no impact on the Group.

New accounting standards and interpretations issued but not yet effective

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Company for the annual reporting period ended 30 June 2019. The Company’s assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Company, are set out below.

Reference	**Title**	**Summary**	**Application date of standard**	**Application date for KLH**
AASB 16	*Leases*	AASB 16 requires lessees to account for all leases under a single on balance sheet model in a similar way to finance leases under AASB 117 Leases. The standard includes two recognition exemptions for lessees – leases of ’low-value’ assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will be required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. Lessor accounting is substantially unchanged from today’s accounting under AASB 117. Lessors will continue to classify all leases using the same classification principle as in AASB 117 and distinguish between two types of leases: operating and finance leases.	1 January 2019	1 July 2019

Reference	Title	Summary	Application date of standard	Application date for KLH
		The Group has reviewed its operating leases and service agreements to assess the impact of AASB 16 on its financial performance and financial position upon its adoption. Operating lease commitments on the property leases that were payable at 30 June 2019 are $62,620 (noting there is less than 12 months remaining on these lease arrangements at 30 June 2019). Based on the short-term nature of these lease arrangements at 30 June 2019, there would be no impact on adopting AASB 16. From its effective date, the new standard will impact the accounting for new lease arrangements that may be entered into in future by the Company.		
AASB Interpretation 23, and relevant amending standards	*Uncertainty over Income Tax Treatments*	The Interpretation clarifies the application of the recognition and measurement criteria in AASB 112 Income Taxes when there is uncertainty over income tax treatments. The Interpretation specifically addresses the following: - Whether an entity considers uncertain tax treatments separately - The assumptions an entity makes about the examination of tax treatments by taxation authorities - How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates - How an entity considers changes in facts and circumstances.	1 January 2019	1 July 2019
AASB 2018-1	Australian Amendments to Australian Accounting Standards – Annual Improvements 2015-2017 Cycle	The amendments clarify certain requirements in: • AASB 3 Business Combinations and AASB 11 Joint Arrangements - previously held interest in a joint operation • AASB 112 Income Taxes - income tax consequences of payments on financial instruments classified as equity • AASB 123 Borrowing Costs - borrowing costs eligible for capitalisation.	1 January 2019	1 July 2019
Not yet issued by the AASB	Conceptual Framework for Financial Reporting and relevant amending standards	The revised Conceptual Framework includes some new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. It is arranged in eight chapters, as follows: • Chapter 1 – The objective of financial reporting • Chapter 2 – Qualitative characteristics of useful financial information • Chapter 3 – Financial statements and the reporting entity • Chapter 4 – The elements of financial statements • Chapter 5 – Recognition and derecognition • Chapter 6 – Measurement • Chapter 7 – Presentation and disclosure • Chapter 8 – Concepts of capital and capital maintenance *Amendments to References to the Conceptual Framework in IFRS Standards* has also been issued, which sets out the amendments to affected standards in order to update references to the revised Conceptual Framework. The changes to the Conceptual Framework may affect the application of IFRS in situations where no standard applies to a particular transaction or event. In addition, relief has been provided in applying IFRS 3 and developing accounting policies for regulatory account balances using IAS 8, such that entities must continue to apply the definitions of an asset and a liability (and supporting concepts) in the 2010 Conceptual Framework, and not the definitions in the revised Conceptual Framework.	1 January 2020	1 July 2020
AASB 2018-7	Definition of Material (Amendments to AASB 101 and AASB 108)	This Standard amends AASB 101 *Presentation of Financial Statements* and AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The amendments clarify that materiality will depend on the nature or magnitude of information. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users.	1 January 2020	1 July 2020

The Company is in the process of determining the impact of the above on its financial statements. The Company has not elected to early adopt any new Standards or Interpretations.

(e) Basis of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Kalia Limited (**Company** or **Parent Entity**) as at 30 June 2019 and the results of all subsidiaries for the year then ended. Kalia Limited and its subsidiaries are referred to in this financial report as the **Group**.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-Group transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. Control exists where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing when the Group controls another entity.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill) and liabilities of the subsidiary and any non-controlling interests. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Group had directly disposed of the relevant assets (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under AASB 139 'Financial Instruments: Recognition and Measurement' or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

(f) Critical accounting estimates and judgements

The application of accounting policies requires the use of judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions are recognised in the period in which the estimate is revised if it affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Share-based payment transactions:

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using a Black and Scholes model.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the consolidated entity's estimate of equity instruments that will eventually vest. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

(g) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of Kalia Limited.

(h) Foreign currency translation

Both the functional and presentation currency of Kalia Limited and its Australian subsidiaries is Australian dollars. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance date.

All exchange differences in the consolidated financial report are taken to profit or loss with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity. These are taken directly to equity until the disposal of the net investment, at which time they are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

As at the balance date the assets and liabilities of this subsidiary are translated into the presentation currency of Kalia Limited at the rate of exchange ruling at the balance date and income and expense items are translated at the average exchange rate for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used.

The exchange differences arising on the translation are taken directly to a separate component of equity, being recognised in the foreign currency translation reserve.

On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in profit or loss.

In addition, in relation to the partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or jointly controlled entities that

do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments on identifiable assets and liabilities acquired arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in equity.

(i) Revenue recognition

Interest

Interest revenue is recognised using the effective interest rate method.

(j) Income tax

The income tax expense or benefit for the period is the tax payable on the current period’s taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary difference and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company’s subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance date.

Deferred income tax is provided on all temporary differences at the balance date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary

difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

(k) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(l) Impairment of tangible and intangible assets other than goodwill

The Group assesses at each balance date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each balance date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(m) Cash and cash equivalents

Cash comprises cash at bank and in hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

(n) Trade and other receivables

Trade receivables are measured on initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method, less any allowance for impairment. Trade receivables are generally due for settlement within periods ranging from 15 days to 30 days.

Impairment of trade receivables is continually reviewed and those that are considered to be uncollectible are written off by reducing the carrying amount directly. An allowance account is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original contractual terms. Factors considered by the Group in making this determination include known significant financial difficulties of the debtor, review of financial information and significant delinquency in making contractual payments to the Group. The impairment allowance is set equal to the difference between the carrying amount of the receivable and the present value of estimated future cash flows, discounted at the original effective interest rate. Where receivables are short-term discounting is not applied in determining the allowance.

The amount of the impairment loss is recognised in the statement of comprehensive income within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the statement of comprehensive income.

(o) Property, plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation.

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets as follows:

Plant and equipment	3 - 5 years

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

Impairment

The carrying values of plant and equipment are reviewed for impairment at each balance date, with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

The recoverable amount of plant and equipment is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to approximate fair value.

An impairment exists when the carrying value of an asset or cash-generating units exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount.

For plant and equipment, impairment losses are recognised in the statement of comprehensive income in the cost of sales line item.

Derecognition and disposal

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

(p) Trade and other payables

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. Trade and other payables are presented as current liabilities unless payment is not due within 12 months.

(q) Borrowings

Borrowings are initially recognised at fair value. Interest and fees are recognised as finance cost. Borrowings are classified as current liabilities if settlement is within 12 months after the reporting period and subsequently carried at amortised cost.

(r) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

Provisions are measured at the present value or management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability.

When discounting is used, the increase in the provision due to the passage of time is recognised as an interest expense.

(s) Share-based payment transactions

Equity settled transactions

The Group in a previous financial year provided benefits to employees of the Group in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using a Black-Scholes model.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Kalia Limited (market conditions) if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period).

The cumulative expense recognised for equity-settled transactions at each balance date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the Group's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The statement of comprehensive income charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

(t) Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a new business are not included in the cost of acquisition as part of the purchase consideration.

(u) Loss per share

Basic loss per share is calculated as net loss attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted loss per share is calculated as net loss attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and

- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(v) Exploration and evaluation

Exploration and evaluation expenditures in relation to each separate area of interest are recognised as an exploration and evaluation asset in the year in which they are incurred where the following conditions are satisfied:

- the rights to tenure of the area of interest are current; and
- at least one of the following conditions is also met:
  - the exploration and evaluation expenditures are expected to be recouped through successful development and exploration of the area of interest, or alternatively, by its sale; or
  - exploration and evaluation activities in the area of interest have not at the balance date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, studies, exploratory drilling, trenching and sampling and associated activities and an allocation of depreciation and amortised of assets used in exploration and evaluation activities. General and administrative costs are only included in the measurement of exploration and evaluation costs where they are related directly to operational activities in a particular area of interest.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration and evaluation asset (for the cash generating unit(s) to which it has been allocated being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

Where a decision has been made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance is then reclassified to development.

(w) Parent entity financial information

The financial information for the parent entity, Kalia Limited, disclosed in Note 20 has been prepared on the same basis as the consolidated financial statements, except as set out below.

Investments in subsidiaries
Investments in subsidiaries are accounted for at cost in the parent entity's financial statements.

(x) Employee Benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave, when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognised in respect of short-term employee benefits, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of long term employee benefits are measured as the present value of the estimated future cash outflows to be made by the consolidated entity in respect of services provided by employees up to reporting date.

(y) Acquisition of Kalia Holdings Pty Ltd

During the year ended 30 June 2018 the Company acquired Kalia Holdings Pty Ltd as described in note 17 to the financial statements. The acquisition was treated as an asset acquisition rather than a business combination as the acquiree did not meet the definition of a business under AASB 3 *Business Combinations*. For further information on the acquisition refer to note 17.

(z) Financial instruments

Recognition and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

For the purpose of subsequent measurement, financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost
- fair value through profit or loss (FVTPL)
- equity instruments at fair value through other comprehensive income (FVOCI)
- debt instruments at fair value through other comprehensive income (FVOCI).

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

The classification is determined by both:

- the entity's business model for managing the financial asset
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Subsequent measurement of financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets to collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method.

Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments as well as listed bonds that were previously classified as held-to-maturity under AASB 139.

Financial assets at fair value through profit or loss (FVTPL)

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply.

The category also contains an equity investment. The Group accounts for the investment at FVTPL and did not make the irrevocable election to account for the investment in unlisted and listed equity securities at fair value through other comprehensive income (FVOCI). The fair value was determined in line with the requirements of AASB 9, which does not allow for measurement at cost.

Assets in this category are measured at fair value with gains or losses recognised in profit or loss.

The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

Equity instruments at fair value through other comprehensive income (Equity FVOCI)

Investments in equity instruments that are not held for trading are eligible for an irrevocable election at inception to be measured at FVOCI.

Under Equity FVOCI, subsequent movements in fair value are recognised in other comprehensive income and are never reclassified to profit or loss.

Dividend from these investments continue to be recorded as other income within the profit or loss unless the dividend clearly represents return of capital.

This category includes unlisted equity securities that were previously classified as 'available-for-sale' under AASB 139.

Any gains or losses recognised in other comprehensive income (OCI) are not recycled upon derecognition of the asset.

Debt instruments at fair value through other comprehensive income (Debt FVOCI)

Financial assets with contractual cash flows representing solely payments of principal and interest and held within a business model of collecting the contractual cash flows and selling the assets are accounted for at debt FVOCI.

The Group accounts for financial assets at FVOCI if the assets meet the following conditions:

- they are held under a business model whose objective it is to "hold to collect" the associated cash flows and sell financial assets; and

- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Any gains or losses recognised in other comprehensive income (OCI) will be recycled upon derecognition of the asset.

Impairment of financial assets

AASB 9's impairment requirements use more forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. This replaced AASB 139's 'incurred loss model'.

Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under AASB 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

Recognition of credit losses is no longer dependent on the Group first identifying a credit loss event. Instead the Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Level 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Level 2').
- 'Level 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Trade and other receivables and contract assets

The Group makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Group assess impairment of trade receivables on a collective basis as they possess shared credit risk characteristics they have been grouped based on the days past due.

Classification and measurement of financial liabilities

The Group's financial liabilities include borrowings, trade and other payables and derivative financial instruments.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

(aa) Acquisition of Kalia Holdings Pty ltd

During the year ended 30 June 2018 the Company acquired Kalia Holdings Pty Ltd as described in note 17 to the financial statements. The acquisition was treated as an asset acquisition rather than a business combination as the acquiree did not meet the definition of a business under AASB 3 *Business Combinations*. For further information on the acquisition, refer to note 17.

2. REVENUE AND EXPENSES

	2019 $	2018 $
Revenue		
Interest income	209	191
Expenses		
Employee benefit expenses	1,165,693	886,814
Share-based payment expenses	162,184	20,440
Legal fees	168,378	347,024
Travel costs	116,192	143,981
Consulting fees	78,752	125,697
Office & IT costs	232,490	121,126
Statutory fees	72,934	117,584
Other	220,612	82,314
	2,217,235	1,844,980

3. INCOME TAX

Income tax recognised in profit or loss
The major components of tax expense are:

	2019 $	2018 $
Current tax expense/(income)	-	-
Adjustments recognised in the current year in relation to the current tax of prior years	-	-
Deferred tax expense/(income) relating to the origination and reversal of temporary differences	-	-
Benefit arising from previously unrecognised tax losses, tax credits or temporary differences of a prior period that is used to reduce:		
- Current tax expense	-	-
- Deferred tax expense	-	-
Write-downs/ (reversal of write-downs) of deferred tax assets	-	-
Total tax expense /(income)	-	-

Reconciliation:
The prima facie income tax benefit on pre-tax accounting loss from operations reconciles to the income tax benefit in the financial statements as follows:

	2019 $	2018 $
Accounting loss before tax from continuing operations	(707,004)	(18,666,389)
Gain before tax from discontinued operations	-	-
Accounting loss before income tax	(707,004)	(18,666,389)
Income tax benefit calculated at 27.5%	(194,426)	(5,133,257)
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
- Impairment expense	21,477	63,249
- Share-based payments	44,601	4,286,292
Difference in overseas tax rates	85,744	37,720
Previously unrecognised tax losses now recouped to reduce current tax expense	-	-
Previously unrecognised tax losses used to reduce deferred tax expense	-	-
Unused tax losses not recognised as deferred tax assets	42,604	745,996
Income tax expense reported in the consolidated statement of comprehensive income	-	-

The tax rate used in the above reconciliation is the corporate tax rate of 27.5% payable by Australian corporate entities on taxable profits under Australian tax law.

Unrecognised deferred tax assets
Deferred tax assets have not been recognised in respect of the following items:

	2019 $	2018 $
Tax losses – revenue	4,109,068	2,658,194
Tax losses – capital	406,309	406,309
Deductible temporary differences	147,950	68,181
	4,663,327	3,132,684

The deductible temporary differences and tax losses do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits thereof.

4. SEGMENT REPORTING

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Board of Directors in order to allocate resources to the segment and to assess its performance.

Information reported to the Group's Board of Directors for the purposes of resource allocation and assessment of performance is more specifically focused on the exploration and development of mineral resource projects. The Group's reportable segments during the year under AASB 8 are therefore as follows:

- Exploration and evaluation – Bougainville
- Exploration and evaluation - Australia
- Other sector

Exploration and evaluation - Bougainville refers to two Exploration Licences held in Bougainville which were granted in November 2017.

Exploration and evaluation - Australia refers to Exploration Licences in the Northern Territory and in Western Australia which were held during the year. All Australian tenements and interests have been surrendered and withdrawn as at 30 June 2019.

The other sector relates to Australian head office operations, including cash management.

Information regarding these segments is presented below. The accounting policies of the reportable segments are the same as the Group's accounting policies.

The following table presents the revenue and loss information regarding the segment information provided to the Board of Kalia Limited for the year ended 30 June 2019 and 30 June 2018.

30 June 2019	Exploration and evaluation-Australia $	Exploration and evaluation - Bougainville $	Other $	Consolidated $
Segment revenue	-	94	3,750,115	3,750,209
Segment result	(58,199)	(3,542,746)	2,893,941	(707,004)
Segment results includes:				
Project generation	(57,696)	(1,527,446)	-	(1,585,142)
Segment assets	280	113,997	64,604	178,881
Segment liabilities	1,331	294,986	4,934,239	5,230,556
Cash flow information				
Net cash flow from operating activities	(58,199)	(1,700,450)	(1,079,095)	(2,837,744)
Net cash flow from investing activities	(55,886)	(132,963)	(27,709)	(216,558)
Net cash flow from financing activities	-	-	2,765,292	2,765,292

30 June 2018	Exploration and evaluation-Australia $	Exploration and evaluation - Bougainville $	Other $	Consolidated $
Segment revenue	95	13	83	191
Segment result	(390,971)	(950,856)	(17,324,562)	(18,666,389)
Segment results includes:				
Project generation	(3,500)	(790,983)	-	(794,483)
Segment assets	4,981	537,063	307,694	849,738
Segment liabilities	44	181,681	1,382,331	1,564,056
Cash flow information				
Net cash flow from operating activities	(7,862)	(2,153,329)	(694,448)	(2,855,639)
Net cash flow from investing activities	-	(317,705)	(17,587)	(335,292)
Net cash flow from financing activities	-	-	3,425,327	3,425,327

Segment information by geographical region:

	2019 $	2018 $
The analysis of the location of total assets is as follows:		
Australia	64,884	312,675
Bougainville	113,997	537,063
	178,881	849,738

The revenue reported above represents interest and other income. Intersegment revenues have been eliminated.

Segment results earned by each segment are without allocation of central administration costs and directors' salaries, share of profits from associates, investment revenue and finance costs, income tax expense, gains or losses of associates and discontinued operations. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

The revenue and results of this segment are those of the Group as a whole and are set out in the consolidated statement of comprehensive income and the assets and liabilities of the Group as a whole are set out in the consolidated statement of financial position.

5. LOSS PER SHARE

	2019 Cents per share	2018 Cents per share
Basic and diluted loss per share		
Continuing operations	(0.028)	(0.010)
Total basic loss per share	(0.028)	(0.010)

Basic and diluted loss per share

The earnings and weighted average number of ordinary shares used in the calculation of loss per share is as follows:

	2019 $	2018 $
Loss for the year	(707,004)	(17,981,198)

	2019 Number	2018 Number
Weighted average number of ordinary shares for Basic and diluted earnings per share	2,514,347,391	1,827,165,932

6. CASH AND CASH EQUIVALENTS

	2019 $	2018 $
Cash at bank and on hand	2,644	291,655

Cash at bank earns interest at floating rates based on daily bank deposit rates.

Reconciliation of loss for the year to net cash flows from operating activities

	2019 $	2018 $
Loss for the year	(707,004)	(18,666,389)
Depreciation and amortisation	53,134	4,410
Share based payment	162,184	20,440
Performance shares reversal	(3,750,000)	-
Impairment of exploration	-	370,765
Impairment of plant, property and equipment	78,099	-
Loss on sale of tenements	-	12,800
Interest and finance cost	443,497	97,597
Acquisition cost Kalia Holdings Pty Ltd	-	15,506,074
Foreign exchange	(15,104)	-
(Increase)/decrease in assets:		
Trade and other receivables	8,364	(441,193)
Other current assets	402,922	-
Increase/(decrease) in liabilities:		
Trade and other payables	486,164	239,857
Net cash from operating activities	(2,837,744)	(2,855,639)

7. TRADE AND OTHER RECEIVABLES

	2019 $	2018 $
Other receivables	4,010	-
GST receivable	10,642	23,016
	14,652	23,016

8. PREPAYMENTS AND DEPOSITS

	2019 $	2018 $
Current		
Prepayments – Aerial Survey	-	372,048
Prepayments – Other	24,457	59,309
Deposits	17,780	13,801
	42,237	445,158

9. PROPERTY, PLANT AND EQUIPMENT

	2019	2018
	$	$
Cost		
Balance at beginning of year	177,281	82,962
Additions	161,648	94,319
Disposals	(1,470)	-
Impairment write off	(96,645)	-
Balance at end of year	240,814	177,281
Accumulated depreciation		
Balance at beginning of year	87,372	82,962
Depreciation expense	53,134	4,410
Disposals	(494)	-
Impairment write off	(18,546)	-
Balance at end of year	121,466	87,372
Net Carrying Value	119,348	89,909

10. DEFERRED EXPLORATION AND EVALUATION EXPENDITURE

	2019	2018
	$	$
Costs carried forward in respect of:		
Exploration and evaluation phase – at cost		
Balance at beginning of year	-	263,182
Expenditure incurred	-	107,583
Impaired exploration expenditure (a)	-	(370,765)
Total exploration and evaluation expenditure	-	-

a) Exploration expenditure impaired in the year ended 30 June 2018: EL 5302 relinquished $1,466, EL5231 relinquished $245,377, EL 31275 impaired $43,462, EL 31391 Impaired $23,511, EL 31542 impaired $12,826, E80/5012 impaired $15,317 and E80/5013 impaired $28,806.

The recoupment of costs carried forward in relation to areas of interest in the exploration and evaluation phases is dependent on the successful development and commercial exploitation or sale of the respective areas.

11. TRADE AND OTHER PAYABLES

	2019	2018
	$	$
Trade payables (a)	306,831	208,312
Accruals	503,378	180,407
Payroll and employment related payables	49,752	-
Leave entitlements and superannuation	102,907	105,337
Other payables	17,688	-
	980,556	494,056

(a) Trade payables are non-interest bearing and are normally settled on 30-day terms.

Information regarding the interest rate, foreign exchange and liquidity risk exposure is set out in Note 18.

12. BORROWINGS

	2019 $	2018 $
Secured		
Loan Tygola Pty Ltd (a)	4,250,000	1,070,000
Movements		
Balance at beginning of year	1,070,000	-
Funds drawn down under loan facility during the year	3,180,000	1,070,000
	4,250,000	1,070,000
Interest expense recognised during the year	284,497	1,400
Facility fees recognised during the year	159,000	53,500

(a) In July 2019 and September 2019, the Company announced that Tygola Pty Ltd (**Tygola**) has agreed to continue to support the Company through loan facilities. A summary of the loan arrangements in place are:

- $3 million secured loan provided to the Company in May 2018 (**Facility 1**) which is due to be repaid on 31 December 2019;
- 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 and which is due to be repaid on 31 December 2019;
- a third, unsecured loan of $1.5 million (**Facility 3**) which is due to be repaid on 31 December 2019; and
- a fourth, unsecured loan of $3 million (**Facility 4**) which is due to be repaid on 31 December 2019.

together providing a total facility limit of $9 million (**Total Facility**).

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 30 June 2019, a total of $4.25 million has been drawn down. Subsequent to 30 June 2019 and up to the date of this report, the Company has drawn down a further $0.25 million from Facility 2 and $0.3 million of Facility 4, leaving a total balance of $4.2 million available under Facilities 3 and 4.

13. ISSUED CAPITAL

	2019 $	2018 $
2,514,347,392 Ordinary shares issued and fully paid (2018: 2,514,347,391)	30,037,228	29,162,228

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

On 16 May 2019, a total of 480,000,000 fully paid ordinary shares held by Global Resources Investment Trust PLC were released from escrow.

Movement in ordinary shares on issue

	2019		2018	
	Number	$	Number	$
Balance at beginning of year	2,514,347,391	29,162,228	1,058,849,199	11,223,627
Placement shares	-	-	219,106,626	2,476,428
Acquisition of 72.29% of Kalia Holdings Pty Ltd	-	-	722,891,566	10,843,373
Loan repayment	-	-	20,000,000	300,000
Acquisition of 27.71% of Kalia Holdings Pty Ltd	-	-	480,000,000	5,280,000
Share issue cost (refer Note 16(a))	-	875,000	-	(1,042,200)
Conversion of options to shares	-	-	13,500,000	81,000
Conversion of performance share (refer Note 16 (d))	1	-	-	-
Balance at end of year	2,514,347,392	30,037,228	2,514,347,391	29,162,228

Options and Performance Shares

	2019 Number	2019 $	2018 Number	2018 $
Balance at beginning of year	1,144,500,000	4,863,415	58,000,000	217,975
Exercise of options	-	-	(13,500,000)	-
Expiry of options (a)	(44,500,000)	-	-	-
Performance Shares Class A & B (b)	-	-	500,000,000	-
Performance Shares Class C (b) (c)	(250,000,000)	(3,750,000)	250,000,000	3,750,000
Advisor Options (d)	(250,000,000)	(875,000)	250,000,000	875,000
Issue of Options to Director (e)	-	162,184	100,000,000	20,440
Balance at end of year	600,000,000	400,599	1,144,500,000	4,863,415

(a) Options with an exercise price of $0.006 expired on 13 May 2019.

(b) The key terms of the Class A, Class B and Class C performance shares which relate to the Kalia Holdings Pty Ltd acquisition are detailed at Note 16(b) - (d).

(c) The 250,000,000 Class C performance shares expired on 1 June 2019. As a result of this, a value of $3,750,000 in respect of the 250,000,000 Class C performance shares (originally valued at $3,750,000 per the acquisition accounting of Kalia Holdings Pty Ltd (see Note 17)) have been reversed in the current period. Refer Note 16(d) for further details. Pursuant to the terms of these securities, as the attaching performance condition was not met by the expiry date, the unconverted securities automatically consolidate into one (1) Class C performance share, and which then converts into one (1) ordinary share. The effect of this consolidation and conversion has been reflected in the issued capital as at balance date, however the formal allotment of the resultant share occurred in the subsequent reporting period.

(d) Advisor Options with an exercise price of $0.003 expired on 30 June 2019. Refer to note 16(a).

(e) Director Options are summarised as follows:

Director Options	Number	Grant date	Expiry Date	Exercise Price	Fair value at grant date
Tranche 1	35,000,000	16/05/2018	16/05/2021	$0.020	$0.0057
Tranche 2	35,000,000	16/05/2018	16/05/2022	$0.025	$0.0063
Tranche 3	30,000,000	16/05/2018	16/05/2023	$0.030	$0.0068

14. RESERVES

Reserves
Movements in reserves were as follows:

2019	Option premium reserve $	Share based payment reserve $	Minority interest acquisition reserve $	Foreign currency translation reserve $	Total $
Balance at beginning of year	245,660	4,863,415	(5,965,191)	(43,585)	(899,701)
Advisor Options	-	(875,000)	-	-	(875,000)
Performance Shares Class C	-	(3,750,000)	-	-	(3,750,000)
Director Options	-	162,184	-	-	162,184
Foreign Currency Translation reserve	-	-	-	(42,537)	(42,537)
Balance at end of year	245,660	400,599	(5,965,191)	(86,122)	(5,405,054)

2018	Option premium reserve $	Share based payment reserve $	Minority interest acquisition reserve $	Foreign currency translation reserve $	Total $
Balance at beginning of year	245,660	217,975	-	-	463,635
Equity based payment (options)	-	4,645,440	-	-	4,645,440
Foreign Currency Translation reserve	-	-	-	(43,585)	(43,585)
Acquisition of Non-controlling interest	-	-	(5,965,191)	-	(5,965,191)
Balance at end of year	245,660	4,863,415	(5,965,191)	(43,585)	(899,701)

Nature and purpose of reserves

Share based payment and option premium reserve
The share based payment reserve is used to record the value of equity benefits provided to employees and directors as part of their remuneration. The option premium reserve arises on the grant of share options for consideration.

Minority interest acquisition reserve
The minority interest acquisition reserve is used to reflect changes in ownership interest which do not result in a loss of control. The reserve represents the difference between consideration of the non-controlling interest proportional share in net assets at the date of acquisition.

Foreign currency translation reserve
Exchange differences relating to the translation from the functional currencies of the Group's foreign controlled entities into Australian dollars are brought to account by entries made directly to the foreign currency translation reserve.

15. ACCUMMULATED LOSSES

Movements in accumulated losses were as follows:

	2019 $	2018 $
Balance at beginning of year	(28,976,845)	(10,995,647)
Net loss for the year	(707,004)	(17,981,198)
Balance at end of year	(29,683,849)	(28,976,845)

16. SHARE BASED PAYMENTS

Options issued to Directors are not issued under an Employee Share Option Plan and are subject to approval by shareholders and attaching vesting conditions.

There were no new securities issued during the year ended 30 June 2019 constituting a share based payment. The following share-based payment arrangements were in place during the current period:

Series	Number	Grant date	Expiry date	Exercise price	Fair value at grant date
Consultant					
Options issued	20,000,000	13/05/2016	13/05/2019	$0.006	$0.0004
Advisor Options (a)	250,000,000	21/11/2017	30/06/2019	$0.003	-
Performance Shares Class A (b)	250,000,000	11/12/2017	01/06/2020	-	-
Performance Shares Class B (c)	250,000,000	11/12/2017	03/03/2022	-	-
Performance Shares Class C (d)	250,000,000	11/12/2017	01/06/2019	-	-
Directors					
Options issued	24,500,000	25/11/2016	13/05/2019	$0.006	$0.0017
Options Issued Tranche 1 (e)	35,000,000	16/05/2018	16/05/2021	$0.020	$0.0057
Options issued Tranche 2 (e)	35,000,000	16/05/2018	16/05/2022	$0.025	$0.0063
Options Issued Tranche 3 (e)	30,000,000	16/05/2018	16/05/2023	$0.030	$0.0068

(a) During the year ended 30 June 2018, 250,000,000 escrowed Adviser options were issued for assistance provided to the Company to raise funds. The initial valuation determined at the time of grant of these options was $875,000. During the year ended 30 June 2019, upon the options expiring, the initial valuation amount has been reversed.

(b) Conversion of Class A Performance Shares on achievement of A Milestone, being:
Upon the Company announcing on or before 1 June 2020, from a project held by Kalia or a subsidiary, a JORC 2012 compliant inferred resource of either:

(i) at least 190Mt at a minimum grade of 0.3g/t of gold (Au); or
(ii) at least 160Mt at a minimum grade of 0.3% copper (Cu),
("**A Milestone**")

each Class A Performance Share will convert into a Share on a one for one basis.

(c) Conversion of Class B Performance Shares on achievement of B Milestone, being:
Upon the Company announcing on or before 1 March 2022, from a project held by Kalia or a subsidiary, a JORC 2012 compliant inferred resource of either:

(i) at least 285Mt at a minimum grade of 0.3g/t gold (Au); or
(ii) at least 240Mt at a minimum grade of 0.3% copper (Cu),
("**B Milestone**")

each Class B Performance Share will convert into a Share on a one for one basis.

(d) Conversion of Class C Performance Shares on achievement of C Milestone, being:

(i) Upon the grant of an exploration licence to Kalia or a subsidiary in the Tinputz district of Bougainville and the period of 180 days thereafter;
(ii) Kalia, through the Company's funding, undertaking initial mapping and then drilling on a project held by Kalia or a subsidiary of a minimum of 2,000 metres; and
(ii) being on or before 1 June 2019,
("**C Milestone**")

each Class C Performance Share will convert into a Share on a one for one basis.

At 1 June 2019, C Milestone had not been met and as a result the Class C Performance Shares expired. Refer Note 13 for further details.

(e) Director Options vesting conditions meet the definition of a market condition and the value of the options determined using the Hoadley Trading & Investment Tools.

Assumptions	Tranche1	Tranche 2	Tranche 3
Spot Price 15 May 2018	$0.0110	$0.0110	$0.0110
Vesting Hurdle	$0.0300	$0.0375	$0.0450
Expected future volatility	102%	102%	102%
Risk free rate	2.22%	2.22%	2.22%
Dividend yield	Nil	Nil	Nil

The following table illustrates the number and weighted average exercise prices of, and movements in, share options on issue during the 2019 and 2018 years.

	2019		2018	
	Number	Weighted average exercise price $	Number	Weighted average exercise price $
Outstanding at the beginning of year	394,500,000	$0.009	58,000,000	-
Granted during the year	-	-	350,000,000	-
Forfeited during the year (a)	(294,500,000)	$0.003	-	-
Exercised during the year	-	-	(13,500,000)	$0.006
Outstanding at the end of year	100,000,000	$0.025	394,500,000	-
Exercisable at the end of year	-	-	144,500,000	-

(f) Unlisted options expired unexercised during the year includes:
- 44,500,000 unlisted options at an exercise price of $0.006 expired on 13 May 2019; and
- 250,000,000 unlisted options at an exercise price of $0.003 expired on 30 June 2019.

17. ACQUISITION OF KALIA HOLDINGS PTY LTD

During the year ended 30 June 2018 the Company elected to exercise the option to acquire 72.29% of shares in Kalia Holdings Pty Ltd. Kalia Holdings Pty Ltd is the parent company of Papua New Guinean registered subsidiary Kalia Investment Ltd, which held contractual rights with landowners to apply for exploration licences in the Tore Region of Bougainville Island. On 28 September 2017 the company issued 772,891,566 consideration shares to the shareholders of Kalia Holdings for 72.29% of the shares in Kalia Holdings Pty Ltd.

Acquisition date fair value of the consideration transferred:

	2018 $
Shares issued at fair value	10,843,373
Performance shares issued (a)	3,750,000
Total consideration	14,593,373
Net liabilities assumed	912,701
Acquisition cost (b)	15,506,074

(a) At the date of acquisition, the Directors assessed the vesting probabilities associated with a total of 750,000,000 performance shares (250,000,000 Class A, 250,000,000 Class B and 250,000,000 Class) issued in relation to the acquisition. As a result of this assessment, 250,000,000 Class C performance shares have been considered probable to vest and have been included in the acquisition consideration at their measurement date fair value of $0.015.

Refer to Note 13(c) which details the subsequent reversal of $3,750,000 in respect of the Class C performance shares in the year ended 30 June 2019.

(b) The acquired subsidiaries did not have legal rights to tenure of the Bougainville area of interest at the time of acquisition. Licences were granted on 15 November 2017, and the Company is continuing to work with landowners to develop trust and protocols to allow land access. The non-controlling interest of 27.71% in Kalia Holdings Pty Ltd at the acquisition date was measured by reference to the non-controlling interests' proportionate share of the acquirees identifiable net assets and amounted to ($252,909).

Subsequent to the above transaction the remaining shareholder of Kalia Holdings Pty Ltd was Global Resources Investments Trust PLC (**GRIT**) holding 27.71% shareholding in Kalia Holdings Pty Ltd. The GRIT transaction was approved at the Extraordinary General meeting held on 11 May 2018 whereafter, on 16 May 2018, GRIT was issued 480,000,000 shares in the Company valued at $5,280,000. The non-controlling interest of 27.71% in Kalia Holdings Pty Ltd at the date of acquiring the additional 27.71% was measured by reference to the non-controlling interests' proportionate share of the acquiree's identifiable net assets and amounted to ($685,191). The difference between the amount by which the non-controlling interest were adjusted and the fair value of consideration paid was recognised in the minority interest acquisition reserve.

18. FINANCIAL INSTRUMENTS

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The Group's overall strategy remains unchanged from the prior year.

The capital structure of the Group consists of cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings.

None of the Group's entities are subject to externally imposed capital requirements.

Operating cash flows are used to maintain and expand operations, as well as to make routine expenditures such as tax, and general administrative outgoings.

Categories of financial instruments

	2019 $	2018 $
Financial assets		
Cash and cash equivalents	2,644	291,655
Receivables	14,652	23,016
Financial liabilities		
Trade payables	306,831	208,312
Borrowings	4,250,000	1,070,000

Financial risk management objectives
The Group is exposed to market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

Market risk
The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates, commodity prices and exchange rates.

There has been no change to the Group's exposure to market risks or the manner in which it manages and measures the risk from the previous period

Foreign currency exchange rate risk management
The Group undertakes certain transactions nominated in foreign currencies, hence exposures to exchange rate fluctuations arise. Exchange rate exposures are managed utilising foreign exchange specialists.
The carrying amounts of the Group's currency denominated monetary assets and monetary liabilities at the balance date expressed in Australian dollars are as follows:

	Liabilities		Assets	
	2019 $	2018 $	2019 $	2018 $
Papua New Guinea Kina	94,058	-	107,037	25,481

Foreign currency sensitivity analysis
The Group's sensitivity to foreign exchange has not changed significantly from the prior year and is not material to the Group.

Interest rate risk management
The Group's exposures to interest rates on financial assets and financial liabilities are confined to variable interest rates on its cash holdings of $2,644 at balance date. Interests on loans is fixed at 10% per annum.

Interest rate risk sensitivity analysis
The sensitivity analyses below have been determined based on the exposure to interest rates for both derivative and non-derivative instruments at the balance date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the change in interest rates.

At balance date, if interest rates had been 50 basis points higher or lower and all other variables were held constant, the impact on the net loss and equity would be immaterial.

Credit risk management
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group only transacts with entities that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available and, if not available, the Group uses publicly available financial information and its own trading record to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually.

The Group does not have any significant credit risk exposure to any single counterparty or any Group of counterparties having similar characteristics. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

The carrying amount of financial assets recorded in the financial statements, net of any allowance for losses, represents the Group's maximum exposure to credit risk without taking account of the value of any collateral obtained.

Contracted maturity

The following tables detail the Group's expected contractual maturity for its non-derivative financial liabilities.

These have been drawn up based on undiscounted contractual maturities of the financial liabilities based on the earliest date the Group can be required to repay.

The tables include both interest and principal cash flows.

30 June 2019	Weighted average interest rate %	Less than 1 month	1 - 3 months	3 months – 1 year
Fixed interest rate borrowings	10.52%	35,071	-	4,250,000
Non-interest bearing trade payables	-	306,831	-	-
30 June 2018				
Fixed interest rate borrowings	10.52%	6,282	27,080	1,070,000
Non-interest bearing trade payables	-	208,312	-	-

Fair Values

The carrying amount of the Group's financial assets and liabilities approximates their carrying amounts at balance date.

19. COMMITMENTS AND CONTINGENCIES

a) *Bougainville minerals exploration program*

As at 30 June 2019, Kalia Investment Limited (100% subsidiary of Kalia Ltd) holds two Exploration Licenses (**EL**) in the Mt Tore region on the island of Bougainville. The prior year comparative includes the expenditure commitments in respect of the then held five Exploration Licences of GBE Exploration Pty Ltd.

Future minimum payments for mineral exploration at year end:

	2019 $	2018 $
Within one year	1,843,425	1,895,275
After one year but not more than five years	1,106,055	4,371,966
More than five years	-	-
	2,949,480	6,267,241

b) *Operating lease commitments*

Kalia Limited has entered into a contracted Perth head office and Buka AROB lease arrangements.

Future minimum payments for above properties at year end:

	2019 $	2018 $
Within one year	64,620	102,938
After one year but not more than five years	-	27,441
More than five years	-	-
	64,260	130,379

c) *Contingent liabilities*

Kalia Limited and its subsidiary Kalia Holdings Pty Ltd were named as second and third defendants in an action brought by Central Exploration Pty Ltd, Central Area Ltd and RTG Mining in the Supreme Court of Western Australia. The matter relates to the alleged breach of a Deed of Settlement on activity relating to the Panguna Mine in the Autonomous Region of Bougainville, Paua New Guinea. The Company has been defending the claims made against it and believes they are without merit. All parties to the action have been referred for mediation.

The Company is presently dealing with claims from former executives, relating to amounts claimed by them as due under their services contracts. Provision has been made in the accounts for the amounts which may become payable, but the matter is at an early stage at present.

20. RELATED PARTY DISCLOSURES

Corporate Structure

The consolidated financial statements include the financial statements of Kalia Limited (ultimate parent entity) and the subsidiaries listed in the following table.

		% Ownership interest	
	Country of incorporation	2019 %	2018 %
Parent Entity			
Kalia Limited	Australia		
Subsidiaries			
Kalia Holdings Pty Ltd	Australia	100	100
Kalia Investment Ltd	Papua New Guinea	100	100
GBE Exploration Pty Ltd	Australia	100	100
Namib Pty Ltd	Australia	100	100

Transactions with Key Management Personnel

Compensation of key management personnel:

	2019 $	2018 $
Short term employee benefits	734,414	743,321
Post-employment benefits	62,488	52,549
Share based payments	162,184	20,440
	959,086	816,310

Interests held by key management personnel:

Shares	Balance at 1 July 2018 Number	Granted as remuneration Number	On Exercise of Options Number	Net Change Other Number	Balance at 30 June 2019 Number
Directors					
D Johnston	19,322,289	-	-	(625,000)	18,697,289
S O'Brien	-	-	-	-	-
T Larkan	1,000,000	-	-	-	1,000,000
P Batten	36,144,578	-	-	-	36,144,578
Executives					
P Hartog	-	-	-	-	-
Total	54,466,867	-	-	(625,000)	55,841,867

Options	Balance at 1 July 2018 Number	Granted as remuneration Number	Options exercised Number	Net Change Other Number	Balance at 30 June 2019 Number
Directors					
D Johnston	-	-	-	-	-
S O'Brien	-	-	-	-	-
T Larkan	100,000,000	-	-	-	100,000,000
P Batten	-	-	-	-	-
Executives					
P Hartog	-	-	-	-	-
Total	100,000,000	-	-	-	100,000,000

Transactions with directors, director related entities and other related parties

Other than in respect of remuneration (detailed above) there were no transactions with directors, director related entities and other related parties during the year ended 30 June 2019. In the prior financial year D Johnston, S Rechner and N Burn invoiced the company for consulting fees of $165,550 with none owing as at 30 June 2018.

Other transactions and balances with Key Management Personnel

Legal fees incurred by D Johnston and T Larkan of $123,522 (2018: $111,717) as a result of legal action brought by RTG Mining Ltd were paid by the Company.

Remuneration owing to Mr T Larkan at 30 June 2019, which includes amounts under the deferred compensation arrangement of his service contract, was $285,595 (2018: $139,073).

Remuneration owing to Mr P Batten at 30 June 2019 was $41,668 (2018: nil).

Director remuneration and fees owing to Mr D Johnston at 30 June 2019 was $10,950 (2018: nil).

21. PARENT ENTITY DISCLOSURES

Financial position

	2019 $	2018 $
Assets		
Current assets	33,925	291,739
Non-current assets	-	376,274
Total assets	33,925	668,013
Liabilities		
Current liabilities	4,934,239	1,382,331
Non-current liabilities	-	-
Total liabilities	4,934,239	1,382,331
Equity		
Issued capital	30,037,228	29,162,228
Option premium reserve	245,660	245,660
Equity settled employee benefits	400,599	4,863,415
Accumulated losses	(35,583,801)	(34,985,621)
Total deficiency	(4,900,314)	(714,318)

Financial performance

	2019 $	2018 $
Loss for the year	(598,180)	(23,824,974)
Other comprehensive loss	-	-
Total comprehensive loss	(598,180)	(23,824,974)

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

Kalia Limited has not entered into any deed of cross guarantee with its wholly-owned subsidiaries during the year ended 30 June 2019 (2018: Nil).

22. EVENTS AFTER THE REPORTING PERIOD

Funding

On 24 July 2019 and 29 September 2019, Tygola agreed to continue to support the Company through loan facilities. A summary of the loan arrangements in place are:

- a $3 million secured loan provided to the Company in May 2018 (**Facility 1**) which is due to be repaid on, 31 December 2019 bearing interest at 10% per annum and levying a facility fee of 5%;
- a second secured loan agreed in January 2019, approved at the EGM (**Facility 2**), which has been increased from $1.25 million to $1.5 million and which is due to be repaid on 31 December 2019 bearing interest at 10% per annum and levying a facility fee of 5%;
- a third, unsecured loan of $1.5 million (**Facility 3**) which is due to be repaid on 31 December 2019 bearing interest at 10% per annum and levying a facility fee of 5%;
- a fourth, unsecured loan facility of $3 million (**Facility 4**) which is due to be repaid on 31 December 2019 bearing interest at 10% per annum and levying a facility fee of 5%;
- 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; and
- subsequent to year end the Group has received $0.25 million from Facility 2 (thus Facility 2 has been fully drawn down) and $0.3 million of Facility 3, leaving a total of $4.2 million available to the Company for drawdown under Facilities 3 and 4.

Furthermore, Tygola has agreed in principle, subject to agreeing terms and any required shareholder approval at the time, to convert the total amount owing to it into ordinary shares in the Company as part of a larger recapitalisation program planned to be implemented by the Company. Any such recapitalisation proposal will be advised to shareholders in due course.

Board restructure

The following board changes have occurred:

- Mr Michael Johnston was appointed as an Executive Director on 22 July 2019;
- Mr Jonathan Reynolds was appointed as a Non-Executive Director on 22 July 2019;
- Mr Peter Batten resigned as Technical Director on 5 August 2019; and
- Mr Terrence Larkan resign as Managing Director on 9 August 2019.

Other than events noted above, there has been no additional matter or circumstances that has arisen after balance date that has significantly affected, or may significantly affect, the operations of the Group, the result of those operations, or the state of affairs of the Group in future financial periods.

23. AUDITOR'S REMUNERATION

The auditor of Kalia Limited is HLB Mann Judd.

	2019	2018
	$	$
Auditor of the parent entity		
Audit or review of the financial statements	37,770	37,300
	37,770	37,300

DIRECTORS' DECLARATION

1. In the opinion of the directors of Kalia Limited (the 'Company'):

   a. the accompanying financial statements and notes are in accordance with the Corporations Act 2001 including:

      i. giving a true and fair view of the Group's financial position as at 30 June 2019 and of its performance for the year then ended; and

      ii. complying with Australian Accounting Standards, the Corporations Regulations 2001, professional reporting requirements and other mandatory requirements.

   b. subject to the matters described in note 1(c), there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

   c. the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.

2. This declaration has been made after receiving the declarations required to be made to the directors in accordance with Section 295A of the Corporations Act 2001 for the financial year ended 30 June 2019.

This declaration is signed in accordance with a resolution of the Board of Directors.

The Hon. Mr David Johnston
Non-Executive Chairman

Dated 30 September 2019

INDEPENDENT AUDITOR'S REPORT
To the members of Kalia Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Kalia Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of profit of loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the Group's financial position as at 30 June 2019 and of its financial performance for the year then ended; and

b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 1(c) in the financial report, which indicates that a material uncertainty exists that may cast significant doubt on the entity's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report**.**

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Key Audit Matter	**How our audit addressed the key audit matter**
Borrowings Refer to Note 12	
As at 30 June 2019, the Group has drawn down a total of $4.25 million in relation to its funding agreements with an external party. We considered this to be a key audit matter as the borrowings are material to the users of the financial statements and, in addition, contain a conversion feature in relation to a proportion of the borrowings.	Our procedures included but were not limited to: - Assessing management's treatment of borrowings to ensure consistency with the requirements of AASB 9 *Financial Instruments* and other relevant accounting standards; - Reviewing the contractual terms of each facility; - Assessing the presentation of borrowings as current or non-current based upon contractual arrangements; and - Reviewing management's assessment of the treatment of any conversion feature as debt or equity and any transaction costs on entering into the facilities.

Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2019 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included within the directors' report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of Kalia Limited for the year ended 30 June 2019 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

Perth, Western Australia
30 September 2019

M R Ohm
Partner

CORPORATE GOVERNANCE STATEMENT

In March 2014, the ASX Corporate Governance Council released a third edition of the ASX Corporate Governance Council's Principles and Recommendations (**ASX Principles**).

The Company's Corporate Governance Statement for the year ended 30 June 2019 (which reports against these ASX Principles) may be accessed from the Company's website at: www.kaliagroup.com.

ADDITIONAL SECURITIES EXCHANGE INFORMATION

ASX additional information as at 20 September 2019

Number of holders of equity securities

Ordinary share capital

2,514,347,391 fully paid ordinary shares are held by 787 individual shareholders.

All issued ordinary shares carry one vote per share.

Unlisted Options

Unlisted Options on issue are as follows:

- 35,000,000 unlisted options at $0.020 expiring 16 May 2021
- 35,000,000 unlisted options at $0.025 expiring 16 May 2022
- 30,000,000 unlisted options at $0.030 expiring 16 May 2023

Performance Shares

Performance shares on issue are as follows:

- 250,000,000 Class A expiring 1 June 2020
- 250,000,000 Class B expiring 1 March 2022

Distribution of holders of equity securities

	Number of holders	**Fully paid ordinary shares**
1 – 1,000	30	5,909
1,001 – 5,000	15	44,649
5,001 – 10,000	46	445,555
10,001 – 100,000	202	11,027,848
100,001 and over	494	2,502,823,431
	787	2,514,347,392
Holding less than a marketable parcel	467	

Substantial shareholders

Ordinary shareholders	**Fully paid ordinary shares Number**
NIKOLAIS ZUKS AND FAMILY	229,452,717
GRAEME KIRK	175,000,000
VANAVO PTY LTD	150,100,000

Twenty largest holders of quoted equity securities

Ordinary shareholders	Fully paid ordinary shares Number	Percentage
GLOBAL RESOURCES INVESTMENT TRUST PLC	480,000,000	19.09
NIKOLAIS ZUKS	229,452,717	9.13
MR GRAEME ERIC KIRK (GROUPED WITH KSLCORP PTY LTD)	175,000,000	6.96
VANAVO PTY LIMITED	150,100,000	5.97
GLENEAGLE SECURITIES NOMINEES PTY LIMITED	122,905,985	4.89
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	111,048,202	4.42
DPC ADMINISTRATION PTY LTD	100,000,000	3.98
MRS MELANIE THERESE VERHEGGEN	73,435,163	2.92
TYGOLA PTY LTD	55,150,000	2.19
PETER BATTEN	36,144,578	1.44
FINROW LIMITED	31,200,000	1.24
LSAF HOLDINGS PTY LTD	30,000,000	1.19
MR JOHN MALCOLM BURRELL & MRS JUDITH MAREE BURRELL <BURRELL FAMILY S/F A/C>	27,000,000	1.07
AMRIC PTY LTD	24,550,000	0.98
FRESHWATER RESOURCES PTY LTD	20,312,500	0.81
MR DAVID ALBERT JOHNSTON	18,697,289	0.74
MR JAN BIALEK & MRS TERES GRAZYNA BIALEK	15,971,767	0.64
JAMESPARK PTY TLD	15,060,241	0.60
MR KEITH ROBERT BARNES	15,000,000	0.60
CHAMPION FINANCIAL SERVICES PTY LTD	14,684,208	0.58
	1,745,712,650	**69.43**

TENEMENT SCHEDULE

As at 20 September 2019

Granted

TENEMENT	LOCATION	INTEREST
EL 03	Bougainville	75%
EL 04	Bougainville	75%