

1 February 2019

**Message from Brad Farrell, Chairman**

The 2018 year was one of proud achievements for Kalbar, as the company:

- Completed a positive Bankable Feasibility Study (“BFS”) on the Fingerboards Project;
- Commenced an Enhanced BFS (“EBFS”) to optimise and fast track the Fingerboards Project;
- Made significant progress on the Environmental Effects Statement (“EES”); and
- Achieved market recognition that the Fingerboards Project is a world class Tier 1 Mineral Sands asset that will create economic benefit for Victoria and East Gippsland.

The workload on the Fingerboards Project has grown substantially over the year, and while we expect to wrap up the EES submission in the coming months, there is a lot more to do in 2019 before the Board can make a decision to commence mining.

In 2019 the Company expects to achieve the following:

- Complete and lodge the EES;
- Complete the EBFS and bring the Company to a state of operational readiness to fast track operations;
- Achieve the financing and approvals to make a decision to commence mining on the Fingerboards Project; and
- An equity raising to fund the project, which may include listing the company.

The Board has decided to restructure the Executive Team to best achieve the above planned outcomes.

Neil O’Loughlin, who has been Kalbar’s Managing Director since 2016, will focus on the EBFS and ongoing Business Development as Executive Director – Technical & Project Development, reporting directly to the Board.

Victor Hugo, who has acted as the Chief Operating Officer since 2017 will become Kalbar’s Chief Executive Officer (CEO), reporting directly to the Board, and will be responsible for the delivery of the approvals and the overall daily management of Kalbar as we move forward to production.

The above changes will come into effect from 1<sup>st</sup> February 2019.

The Board of Kalbar thanks Victor and Neil, and all of the Kalbar team, for their hard work over recent years to get us where we are today - poised to finalise technical and EES matters to obtain the necessary approvals and project financing, leading to a final investment decision on the Fingerboards Project in 2019.

Brad Farrell  
Chairman

---