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ASX ANNOUNCEMENT

Date: 5th September 2017

PHASE 2 SOIL SAMPLING COMPLETED AT WA GOLD PROJECTS

- Elevated gold in soil associated with late structures and folded stratigraphy at Canegrass Project.
- Mineralised gossanous quartz vein confirmed by petrography at Jungle Hill Project.
- Elevated gold in soil associated with major NE-SW structure at Jungle Hill Project.

Figure 1 *Kaili WA Gold Projects*

Kaili Resources Limited (Kaili) is pleased to announce the completion of a program of surficial geochemical sampling at the Jungle Hill, Canegrass and Holey Dam gold projects in Western Australia (**Figure 1**). A total of 657 soil samples, 42 rock samples and 5 petrographic samples were collected. All tenements (**Table 1**) are owned 100% by wholly owned subsidiary company Kaili Gold Pty Ltd. The tenements are located 650km north-east of Perth as shown in **Figure 1**.

Region	Tenement Number	Tenement Name	Commodity	Grant Date	Expiry Date	Sub Blocks	Area (km^2)
Gindalbie	E31/1113	Canegrass	Gold	30/5/2016	29/5/2021	34	108.8
Gindalbie	E27/550	Holey Dam	Gold	1/7/2016	31/6/2021	21	67.2
Gindalbie	E31/1114	Jungle Hill	Gold	30/5/2016	29/5/2021	47	150.4

Table 1 *Tenement Register*

At each sample site, the Olympus DELTA Premium portable handheld XRF analyser (DELTA) was used to collect a suite of multi element geochemical readings in addition to a 500g soil sample that was submitted to the ALS Kalgoorlie Geochemical Laboratory for low level gold analysis. The samples/readings were collected at 100m spaced intervals along E-W lines spaced every 250m. Geological and regolith observations were made at each sample site. The data collected by the DELTA instrument are considered to be partial assays. At the start and finish of each traverse 3 DELTA standards were measured in addition to a duplicate and OREAS standard being inserted into the soil sampling sequence after every 30^{th} soil sample.

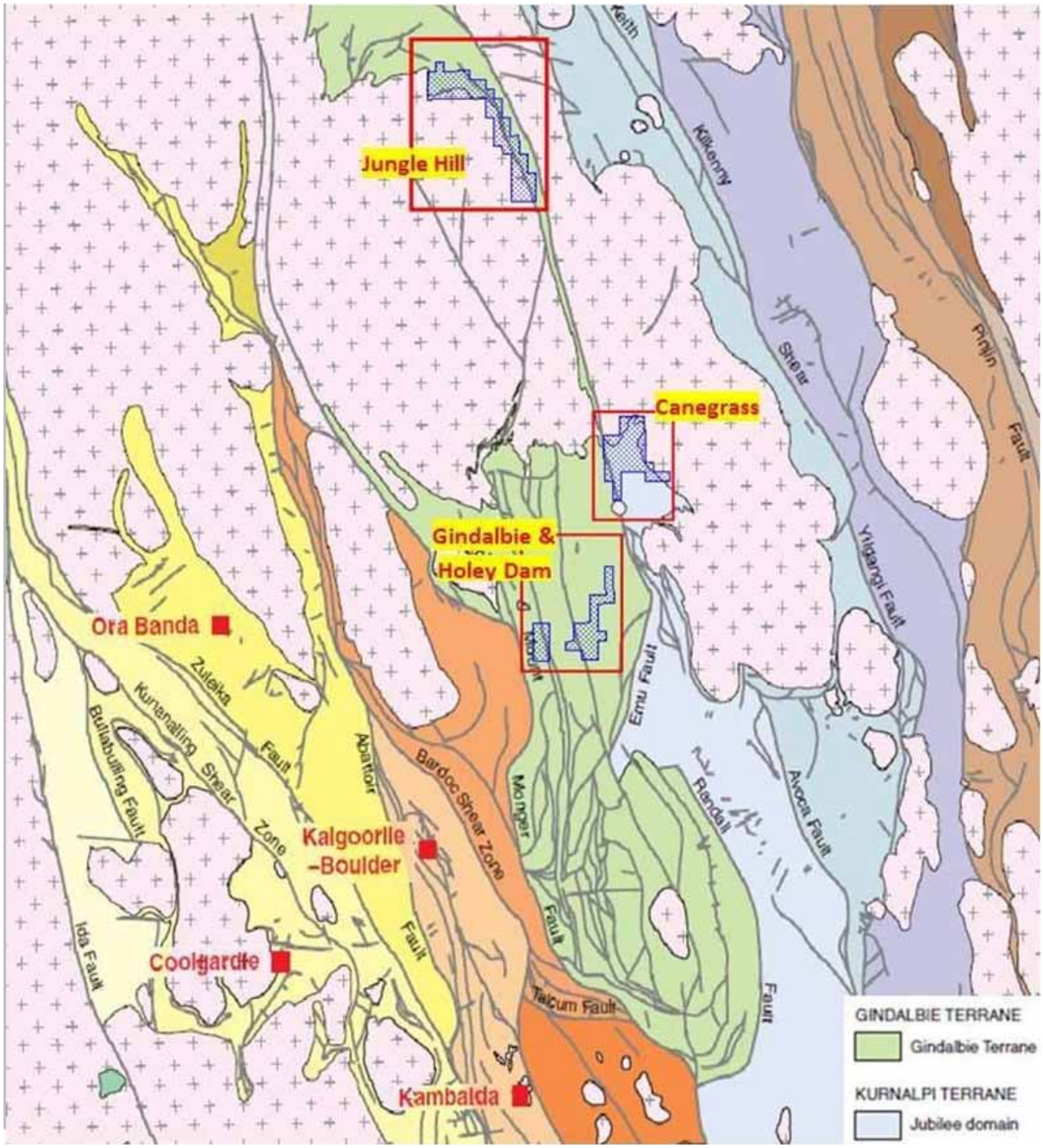

Figure 2 Regional geology and structure of the Kaili's WA gold projects

The projects are located within the Gindalbie Terrain 80km north of Kalgoorlie as shown in **Figure 2**.

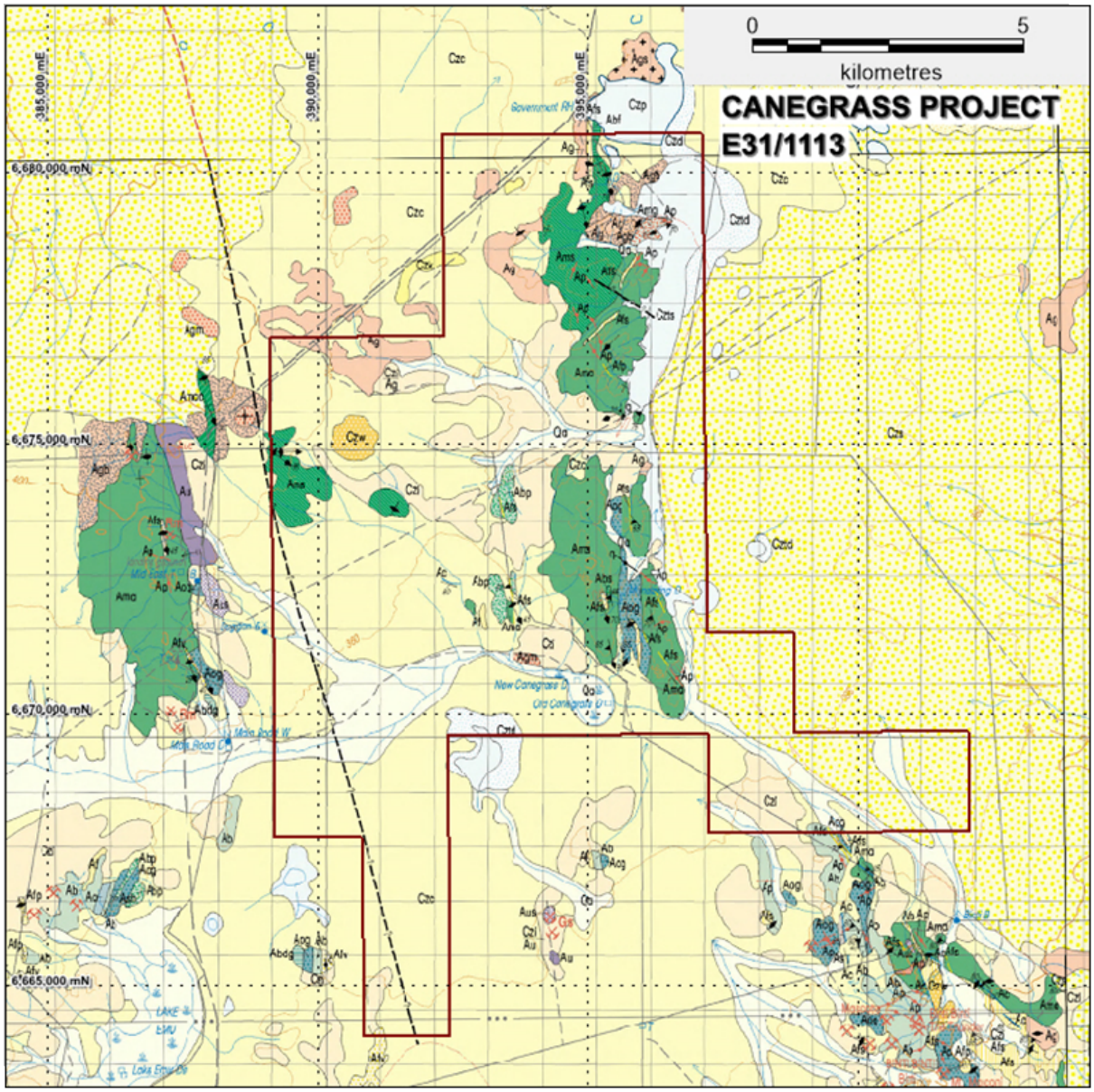

Figure 3 *Canegrass Project – Outcrop Geology 100K Mapping Series*

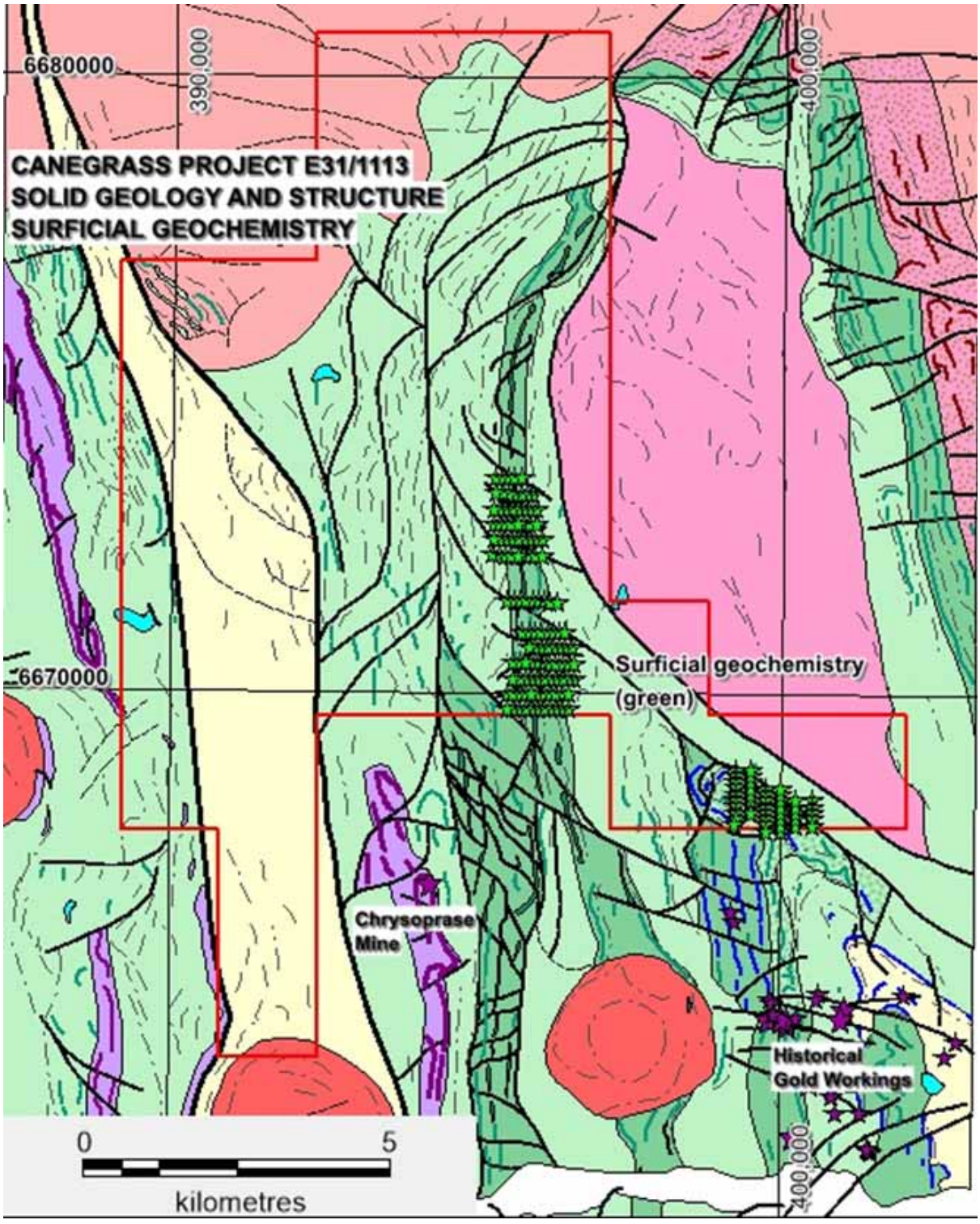

Figure 4 Canegrass Project – Interpreted geology and structure with surficial geochemical sample sites (green)

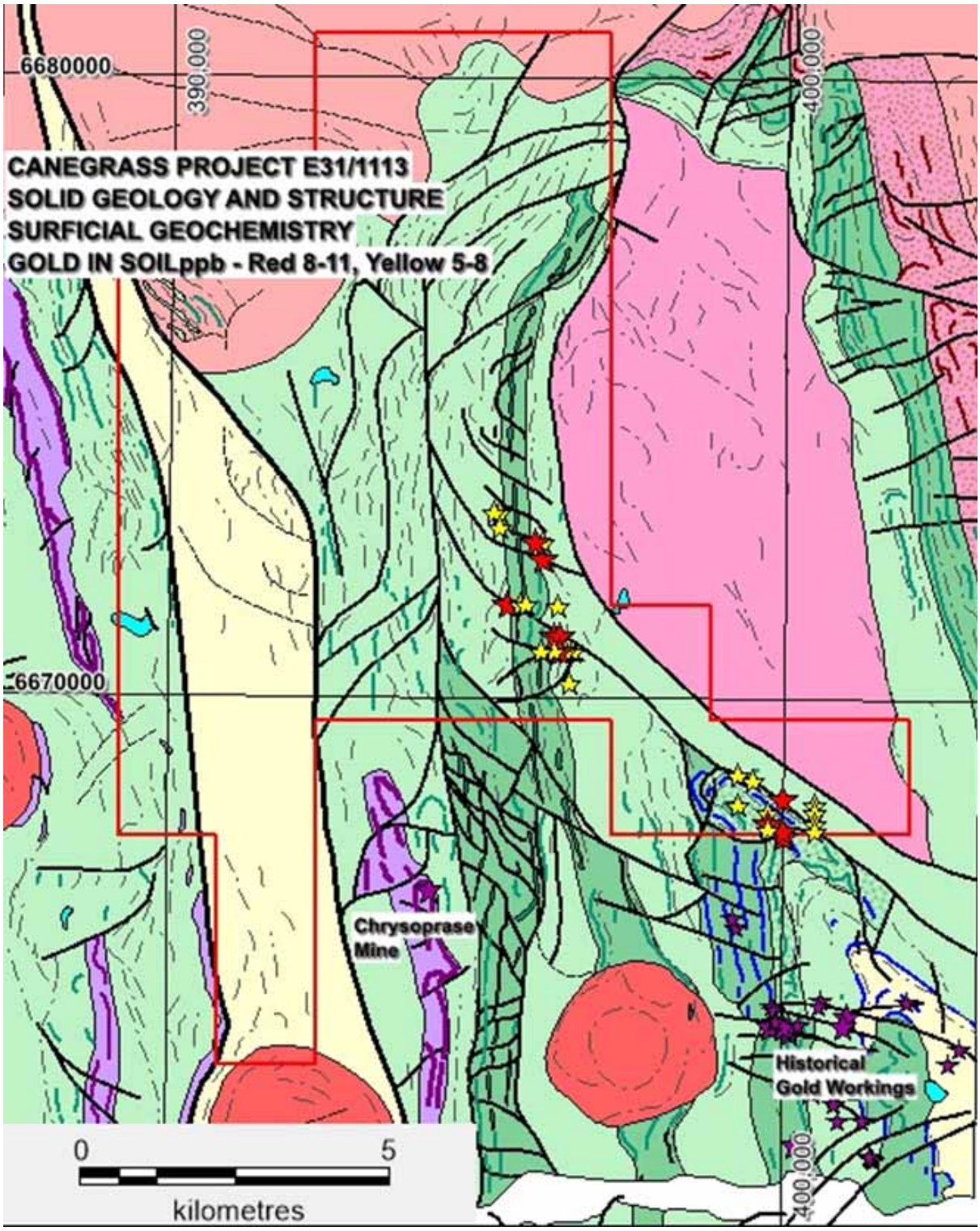

Figure 5 Canegrass Project – Interpreted geology and structure with elevated gold(ppb) in soil results

The Canegrass Project is dominated by transported colluvial and alluvial cover sediments (**Figure 3**) and a fine lag comprising quartz and pisolitic ironstone likely resulting in a dilution of the surficial geochemical signature. This is particularly the case in the south east of the tenement where folded and faulted mafic stratigraphy has only a sporadic surface expression. The Binti Binti historical workings to the south east of the tenement are associated with NW-SE structures in mafic stratigraphy as occurs in the south east of the Canegrass Project (**Figures 4 and 5**). A total of 180 soil samples and 13 rock samples were collected within 3 gridded areas as shown in **Figure 4**. The targets generated in this sampling program will be reviewed along with the sampling completed in 2016 to generate drilling targets for the first half of 2018.

The Holey Dam Project is likewise dominated by transported colluvial and alluvial cover sediments (**Figure 6**) and similar lag surface expression. The major structural feature is a NW-SE oriented Proterozoic Dyke that is associated with gold mineralisation to the NW (Gindalbie Gold Mining Centre) and SE (Mayday/Eldorado Gold Mining Centre). Four soil sampling grids were established (**Figure 7**) with samples collected every 100m along E-W lines spaced at 250m N-S. The sampling grid in the NW if the tenement targeted a discrete magnetic high in felsic dominated terrain. A NW-SE trending mafic unit adjacent to the major structure is associated with elevated gold in soil assays (**Figure 8**) as is the case with the small magnetic high in the NW of the tenement. All areas of interest will be evaluated along with the 2016 surficial geochemical sampling to determine targets for aircore drilling in the first half of 2018.

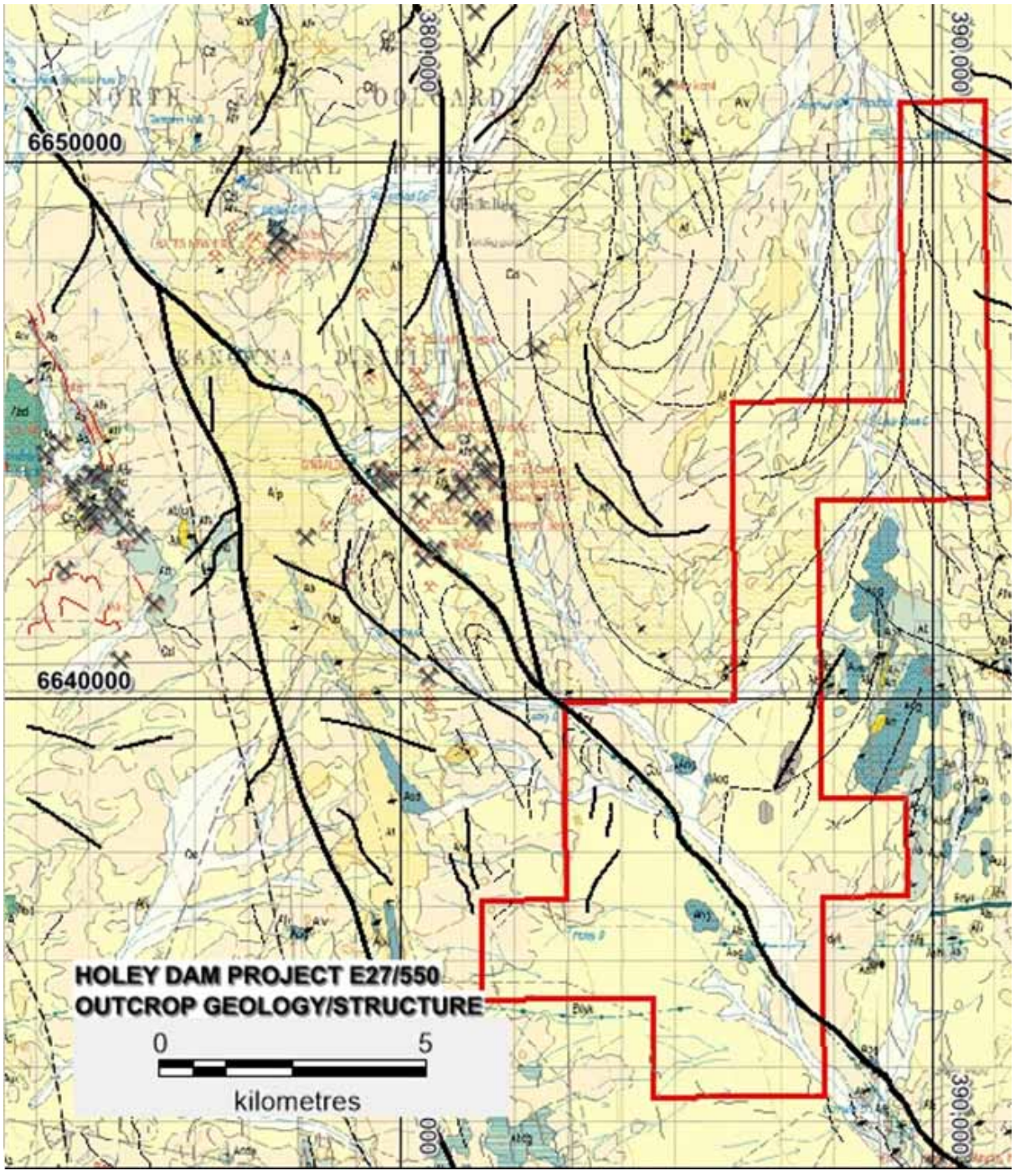

Figure 6 *Holey Dam Project – Outcrop Geology 100K Mapping Series*

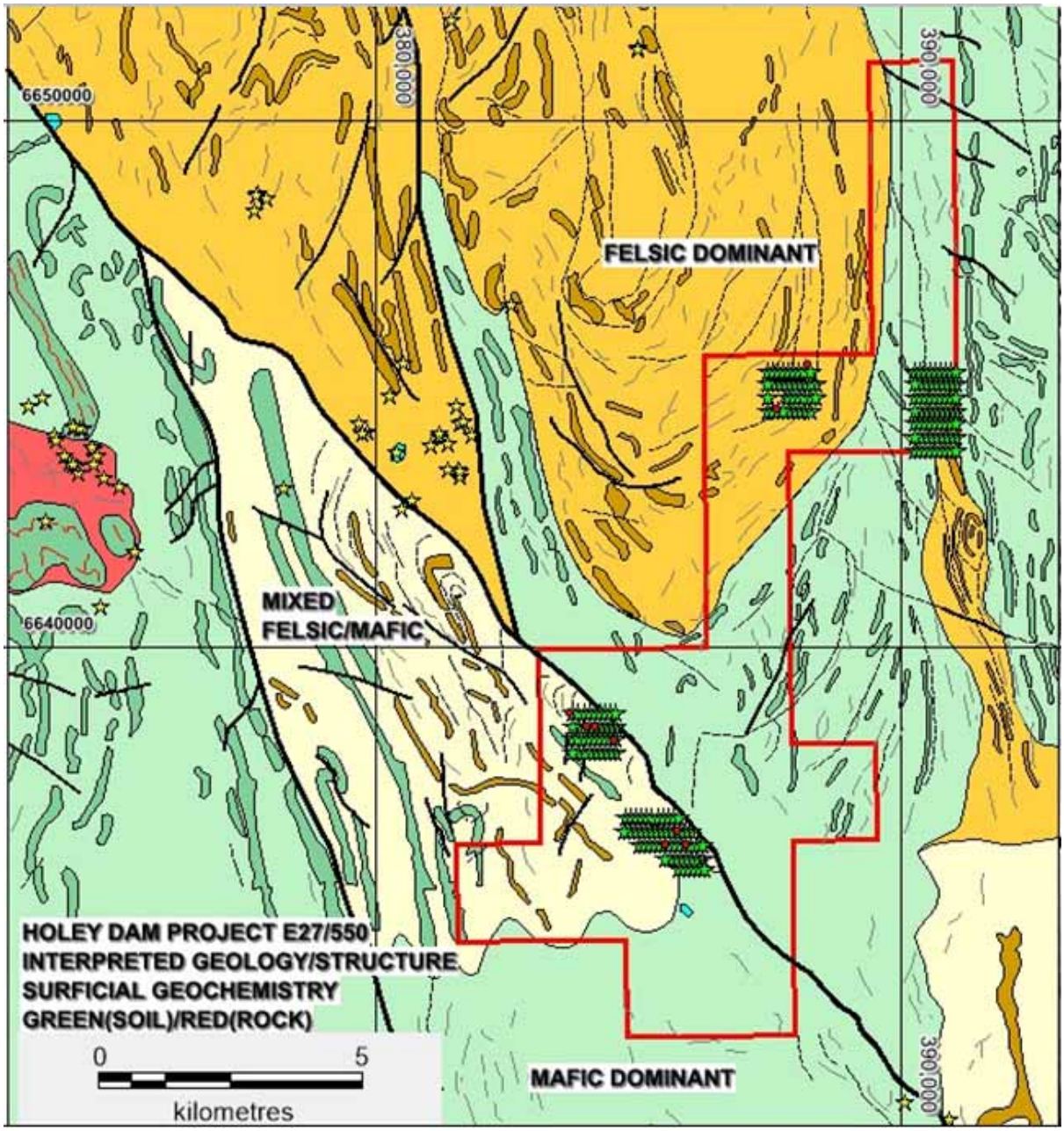

Figure 7 Holey Dam – Interpreted geology and structure with surficial geochemical sample sites (green)

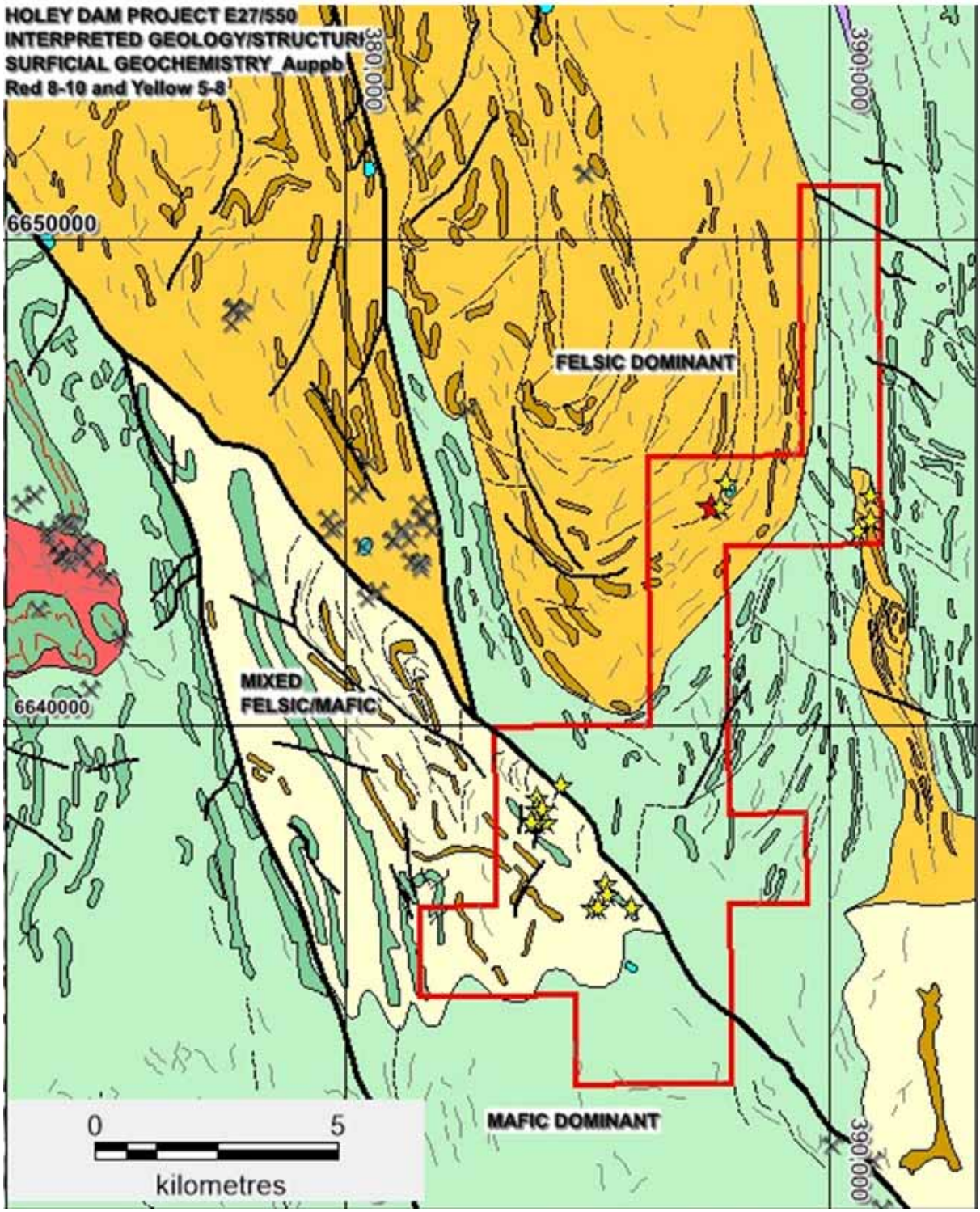

Figure 8 *Holey Dam Project – Interpreted geology and structure with elevated gold(ppb) in soil results*

Surficial geochemical exploration concentrated on the northern half of the Jungle Hill tenement (**Figure 9**) in an area dominated by folded mafic and felsic stratigraphy and a reasonable exposure of the bed rock units. Four soil grids were established as shown in **Figure 10** with folded stratigraphy and major faults as the target areas. Elevated Au in soil occurred associated with a major NE trending fault in the centre of the area and elevated Cu from the DELTA sampling highlighted an area in the south west (**Figure 11**). Five rock samples from areas of elevated Cu were submitted for petrographic analyses to Pathfinder Exploration in Perth who indicated that one of the samples was a gossanous quartz vein with box work structures comprised goethite and limonite after pyrite, pyrrhotite and trace chalcopyrite. The gossanous quartz vein was hosted in a folded sequence comprising felsic tuff and gabbro. The petrographic sample locations are shown in **Figure 11** as green dots with the gossanous quartz vein located along the axis of the folded stratigraphy. The next phase of exploration will comprise soil sampling and mapping of the 3 areas highlighted in yellow to the north east of the anomalous Cu area.

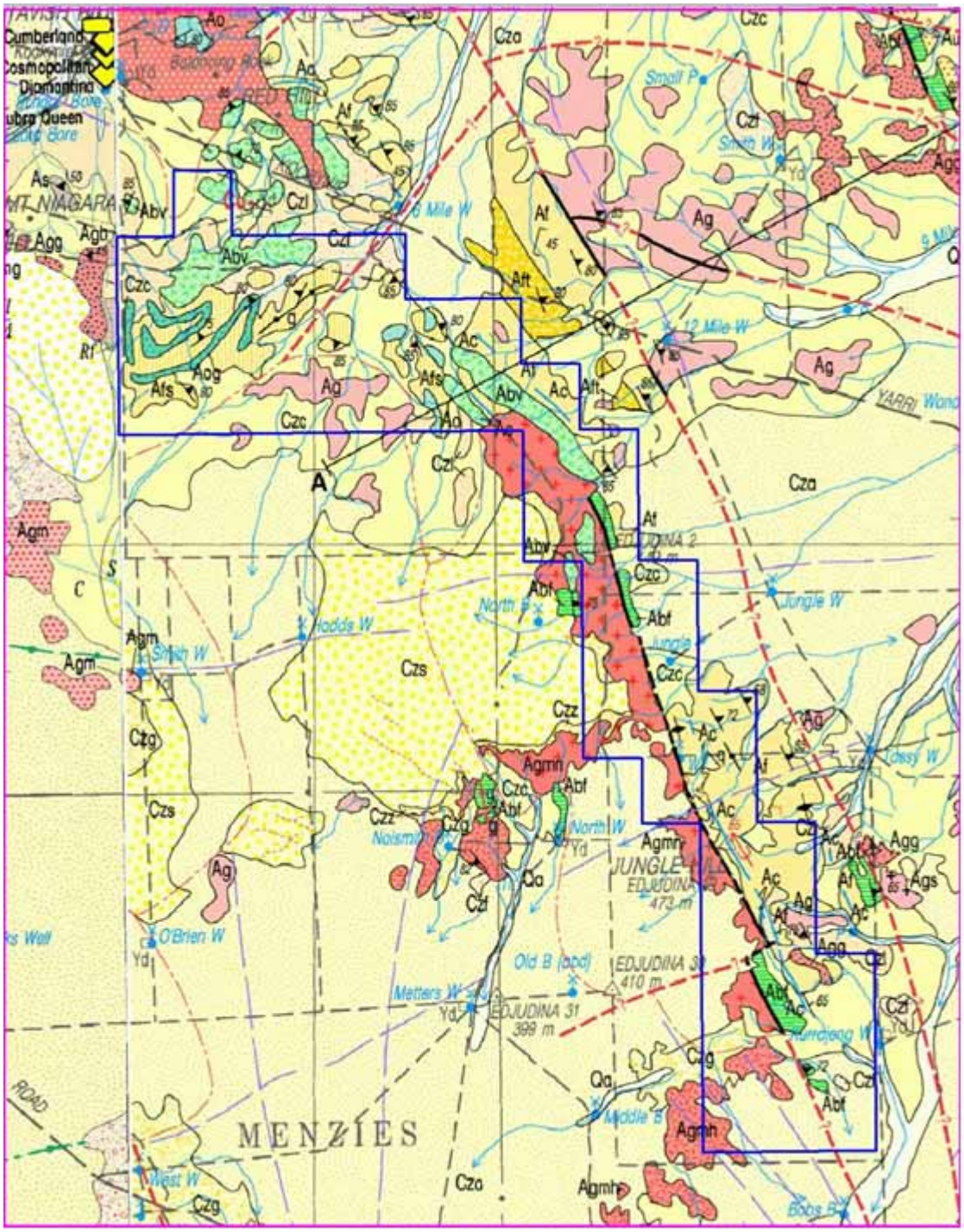

Figure 9 *Jungle Hill Project – Outcrop Geology 100K Mapping Series*

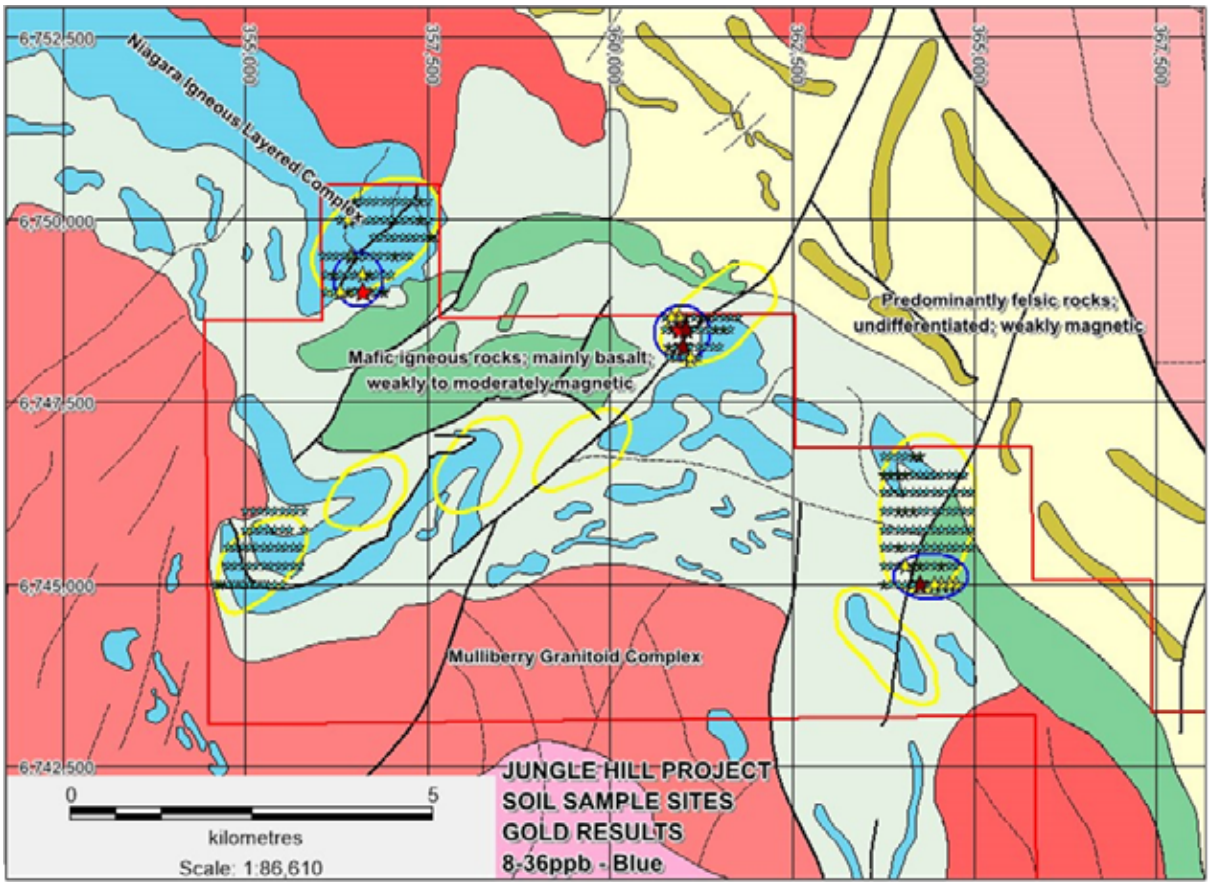

Figure 10 *Jungle Hill Project – Interpreted geology/structure with soil grids and elevated Au in soil*

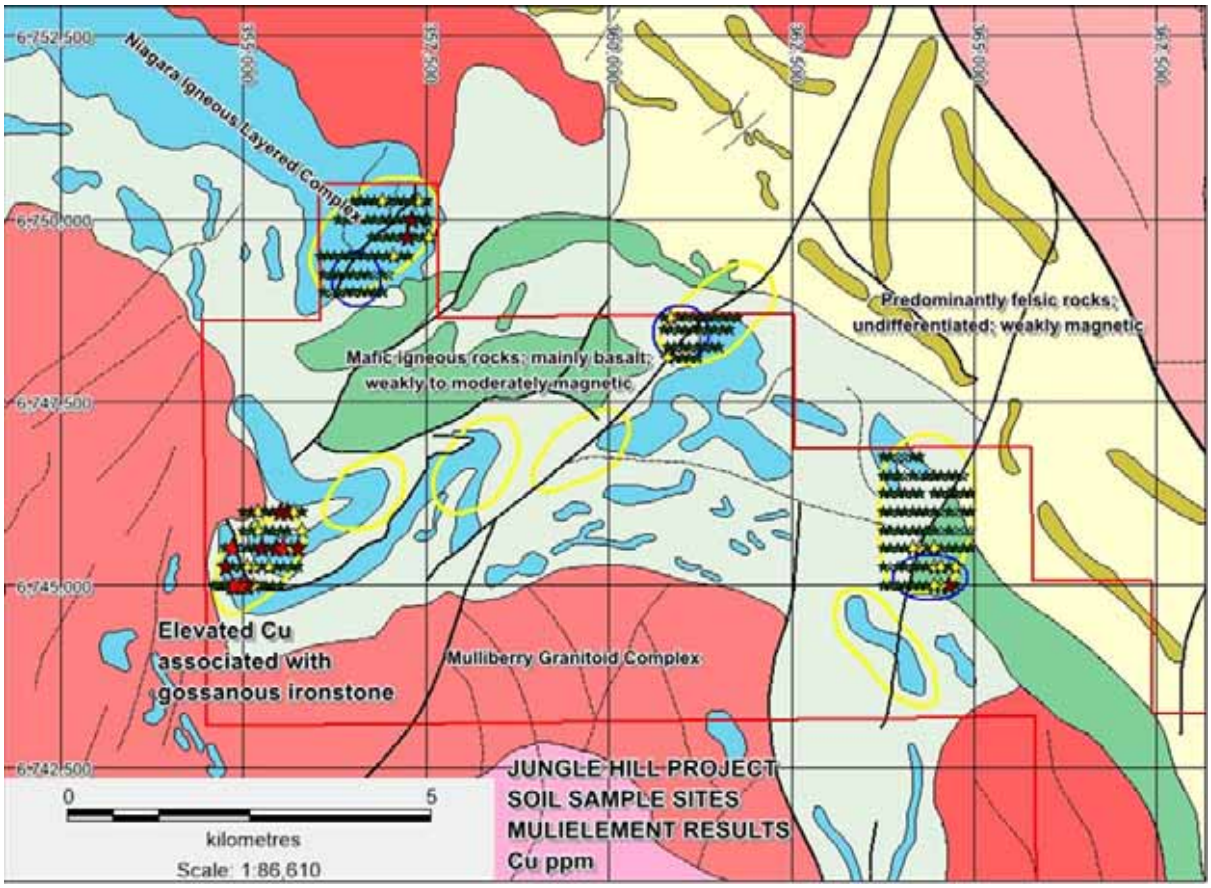

Figure 11 *Jungle Hill Project – Interpreted geology/structure with soil grids and elevated Cu in soil*

The above photos show the gossanous quartz vein at left and vein quartz associated with the elevated Au along the NE structure as shown in **Figure 10.**

(The information in the report above that relates to Exploration Results is based on information compiled by Mr Mark Derriman, who is the Company's Consultant Geologist and a member of The Australian Institute of Geoscientists (1566). Mr Mark Derriman has sufficient experience that is relevant to the style of mineralization and type of deposit under consideration and to the activities which he is undertaking to qualify as a Competent Person as defined in the 2004 and 2012 Editions of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Mark Derriman consents to the inclusion in this report of matters based on his information in the form and context in which it appears.)

Jianzhong Yang

Chairman

5th September 2017

JORC Code, 2012 Edition – Table 1 WA Gold Projects surficial geochemical sampling– July 2017

Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation	Commentary
Sampling techniques	• *Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.* • *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* • *Aspects of the determination of mineralisation that are Material to the Public Report.* • *In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases, more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.*	• A portable X-Ray Fluorescence (pXRF) soil geochemical survey was conducted • An Olympus Premium Delta handheld XRF analyzer was used to obtain soil geochemical readings. • 3 standards (including a silica blank) were read at the start and end of each sampling traverse
Drilling techniques	• *Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).*	• Drill hole data is not being reported
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.* • *Measures taken to maximise sample recovery and ensure representative nature of the samples.* • *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	• Drill hole data is not being reported
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical*	• Drill hole data is not being reported

Criteria	JORC Code explanation	Commentary
	studies. • *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.* • *The total length and percentage of the relevant intersections logged.*	
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.* • *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.* • *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* • *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* • *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.* • *Whether sample sizes are appropriate to the grain size of the material being sampled.*	• Soil sample sites were prepared by clearing a 10cm2 area to remove any light vegetation and immediate top soil. The instrument was then directly placed on the soil to analyse the area directly. • The elements analysed by the instrument were Cu, Pb, Zn, As, Sb, Bi, Hg, P, S, Cl, K, Ca, Ti, V, Cr, Mn, Fe, Co, Ni, Rb, Sr, Y, Zr, Mo, Cd, Sn, W, Th, U, Te, Nb, Sc, Au and Ag •
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* • *For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.* • *Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.*	• Portable XRF sampling carried out using an Olympus Premium Delta handheld XRF analyzer on “Soil” mode, using three beams, each with 30 second duration to give a total analyzing time of 90 seconds. • Handheld XRF analysers are considered to be partial assays • 3 standards including a silica blank were routinely measured at the start and finish of each sampling traverse.
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.* • *The use of twinned holes.* • *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* • *Discuss any adjustment to assay data.*	• Geochemical data generated by the portable XRF instrument were checked by the site Project Geologist
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.* • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	• All sample locations surveyed using a hand-held GPS accurate to 3 meters. • The grid system used in MGA 94, Zone 51. • Refer to body of report for location of XRF sampling traverses

Criteria	JORC Code explanation	Commentary
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.* • *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.* • *Whether sample compositing has been applied.*	• Sample spacing along the traverses was 100m apart from one line which has a 50m sample interval. The sample lines were spaced at 1km intervals
Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* • *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	• The portable XRF sampling lines were oriented E-W and approximately perpendicular to the orientation of the target stratigraphy.
Sample security	• *The measures taken to ensure sample security.*	• The Olympus Premium Delta handheld XRF analysers generates unique identifier fields to accompany the readings which cannot be tampered with in any way. • All readings were collected in the field and downloaded at the end of the day by the project geologist. Copper readings were collected at each sample point as a reference point during the data download phase.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• The sampling techniques were reviewed by the principal of geological consulting company Rocktiger who supervised the work program.

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.* • *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	• Sampling was completed in E31/1114, E31/1113 and E27/549 • The tenements are owned by Kaili Gold Pty Ltd, a subsidiary of Kaili Resources Ltd. • The tenements are located in Western Australia approximately 80 to 150km north of Kalgoorlie which is 600km east of Perth. • The towns of Menzies within the Shire of the Menzies and Kalgoorlie in the City of Kalgoorlie-Boulder are nearest major towns. • There no JVs and Royalties • There are no Native Title claimants • The tenements are located in the Goldfields Esperance Development

Criteria	JORC Code explanation	Commentary
		Region.
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• Mt Kersey Mining completed 2 lines of RAB drilling for 40 holes at an average depth of 60m per hole across E27/550.The samples were assayed for Au,Ag,Ni,Cu,Pg,Zn. • Jubilee Mines carried out soil sampling over a small grid in the centre of E31/1113 and assayed for a multi element suite. • Gutnick Resources carried out soil sampling in a small area in the SW of E31/1113 and assayed for Au • Condor Nickel collected soil samples in the extreme SW corner of E31/1113 and assayed for Co, As, Cu,Ni,Pb,Zn,Pt,Pd,Au and Ag. • Jubilee Mines completed a few E-W soil traverses in the southern half of E31/1114 and assayed 3 rock samples. • Kookynie Resources completed E-E and N-S soil traverses in the NW section of E31/1114 and assayed the samples for Au and As • Mt Kersey Mines completed a soil grid in the NE corner of E31/1114 and assayed for Au,Ag,As,Cu,Pb,Zn,Ni • White Cliff Minerals completed 4 RC drill holes for Au and base metals in the NW corner of E31/1114 • Rubianna Resources completed 12 RC drill holes for Au and base metals in the NW corner of E31/1114
Geology	• *Deposit type, geological setting and style of mineralisation.*	• The gold exploration target is the Archaean Yilgarn Craton greenstone sequences comprising felsic to ultramafic volcanics intrusives, extrusives and sediments. The target type is shear/vein hosted gold mineralisation.
Drill hole Information	• *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:* o *easting and northing of the drill hole collar* o *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar* o *dip and azimuth of the hole* o *down hole length and interception depth* o *hole length.* • *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly*	• Drill hole data is not being reported

Criteria	JORC Code explanation	Commentary
	explain why this is the case.	
Data aggregation methods	• *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.* • *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.* • *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	• No data aggregation has been applied.
Relationship between mineralisation widths and intercept lengths	• *These relationships are particularly important in the reporting of Exploration Results.* • *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* • *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').*	• Drill hole data is not being reported
Diagrams	• *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	• A map showing all sample locations within E31/1113, E31/1114 and E27/550 are included in the announcement.
Balanced reporting	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	• Drill hole data is not being reported
Other substantive exploration data	• *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	• Refer to the body of the report for additional geological observations
Further work	• *The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).* • *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	• Further surficial geochemical exploration is planned to complete the initial program. In addition, soil and rock samples will be collected at certain sites and submitted to ALS in Kalgoorlie as part of the next phase of surficial sampling.