

## QUARTERLY ACTIVITIES REPORT – 31<sup>st</sup> December 2017

### EXPLORATION HIGHLIGHTS

- All granted tenements are up to date regarding statutory requirements.
- Kookynie Gold Project in Western Australia**
- Phase 1 soil sampling completed at Eight Mile Dam and Phase 2 soil sampling completed at Junction Well, results to come



*Figure 1: Kaili Resources project locations*

PROJECT LOCATION	TENEMENT AREA IN SUB BLOCKS	TENEMENT AREA IN KM <sup>2</sup>
Queensland	53	169.6
Western Australia	206	659.0
<b>Total Area</b>	<b>259</b>	<b>751.6</b>

*Table 1: Kaili Resources granted tenement areas, all held 100%. km<sup>2</sup> has been calculated at approximately 3.2km<sup>2</sup> per block*

## WESTERNAUSTRALIA.

### Pilbara Craton (Darnell Hill, Bustlers' Bore and Bea Bea Creek) Iron Projects

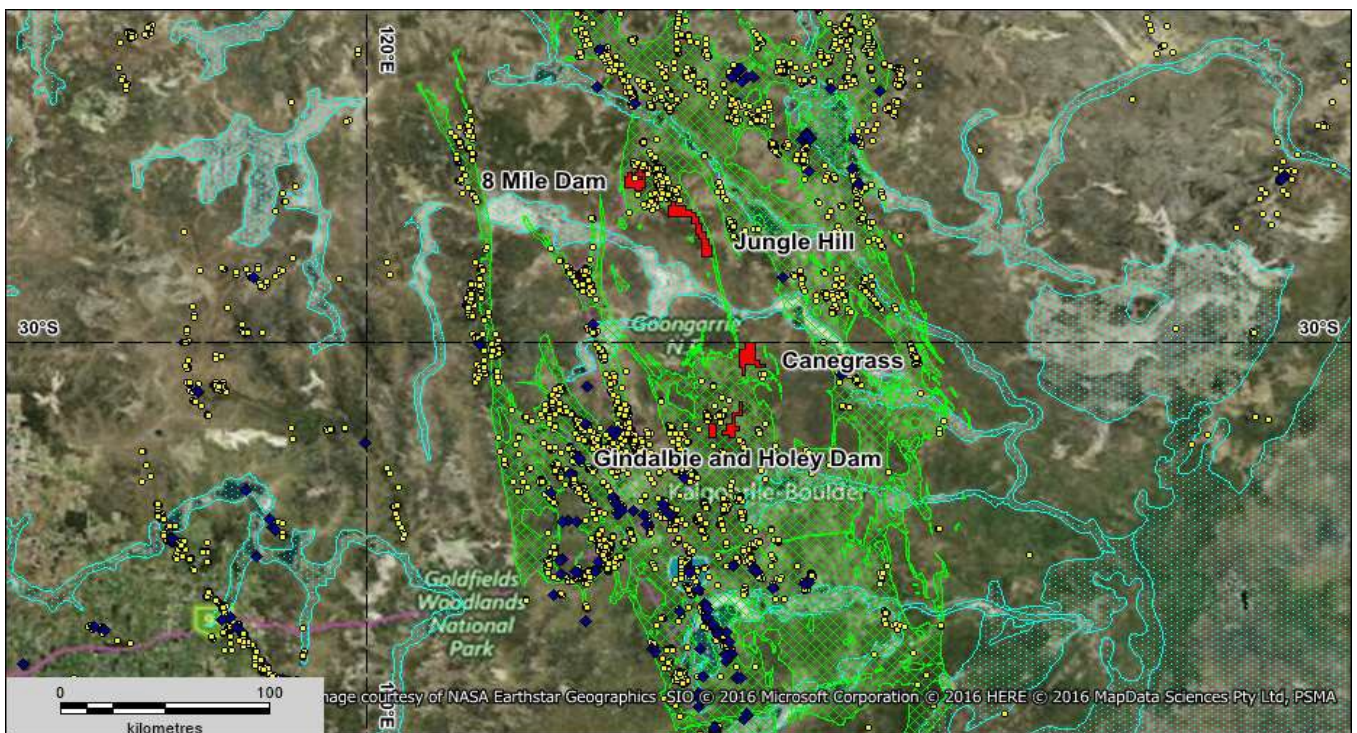
There are no activities in this quarter.

### Yilgarn Craton (Gindalbie and Kookynie) Gold Projects

E40/354(8 Mile Dam), E31/1114(Jungle Hill), E31/1113(Canegrass), E27/550(Holey Dam) and E27/549(Gindalbie dam) are held 100% by wholly owned subsidiary Kaili Gold Pty Ltd. All tenements are granted. During the quarter field work was confined to the Jungle Hill tenement.



**Figure 2:** Kaili Resources Western Australian Gold Projects



**Figure 3:** Satellite Image with Eastern Goldfields Superterrane (green hatching) and Kaili Gold tenements in red. Blue diamonds are operating mines and yellow dots are gold occurrences

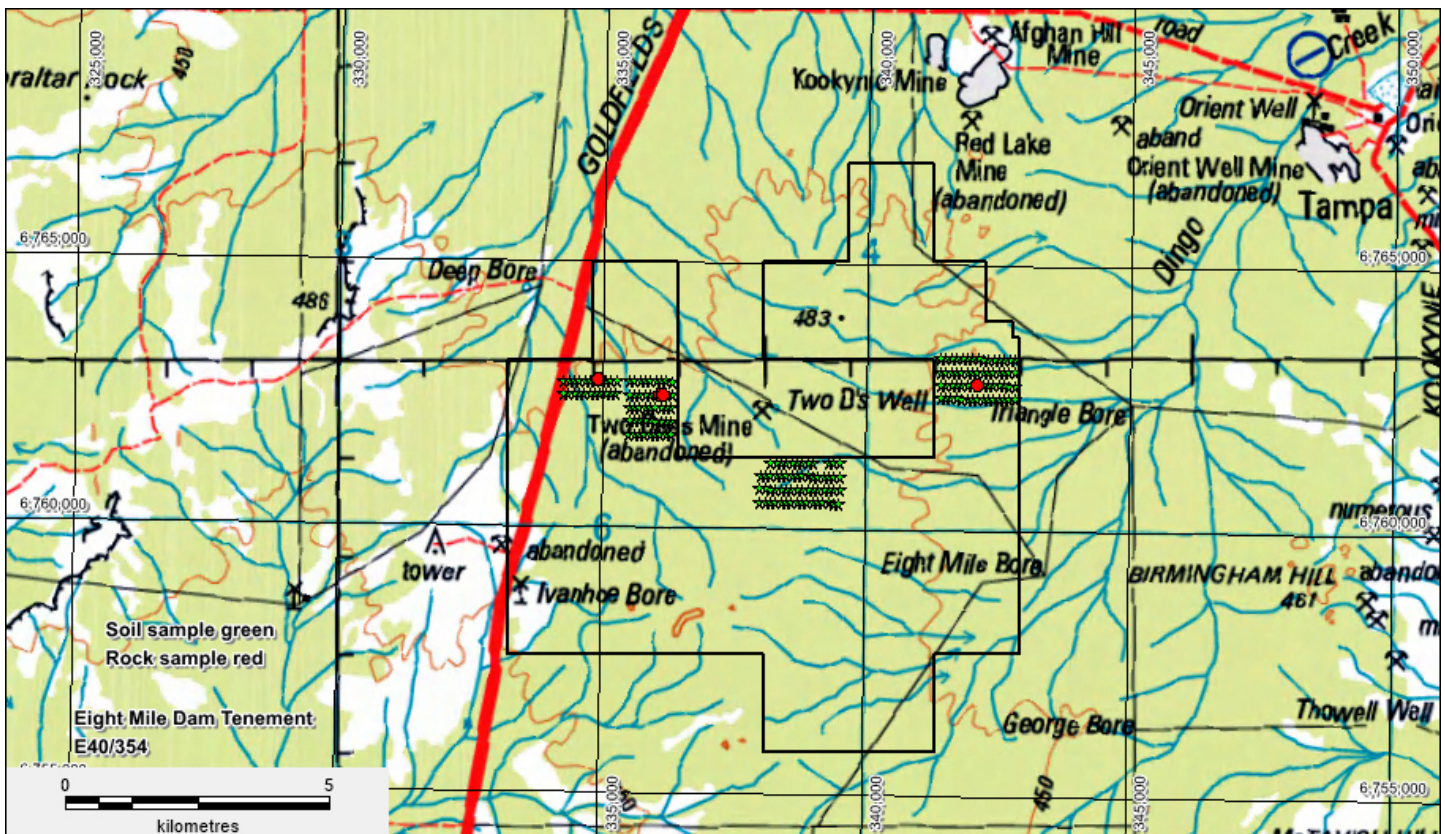
The Yilgarn Craton is one of the premier gold regions in the world and hosts numerous multimillion ounce gold mines and deposits. The Company reviewed several areas for tenement applications in proximity to known gold mineralisation and associated with mafic igneous extrusive/intrusive rocks. The Gindalbie area north east of Kalgoorlie and the Kookynie (Figure 3) are south east of Leonora were chosen and include the 5 granted tenements:

During the June Quarter Phase 1 soil/rock sampling was completed within the Eight Mile Dam tenement (Figure 4) and Phase 2 soil/rock sampling within the Jungle Hill tenement (Figure 5). Grid based soil sampling was carried out over the high priority geophysical (lithostructural) targets delineated by Southern Geoscience Consultants. The samples were collected at 100m intervals along E-W oriented lines with a spacing of 250m across the target area. All samples were delivered to the ALS Global geochemical laboratory in Kalgoorlie for gold and multi element analyses. In addition, the Olympus portable XRF mineral analyser was used to collect multi element readings from all sample sites. The soils samples submitted to ALS were:

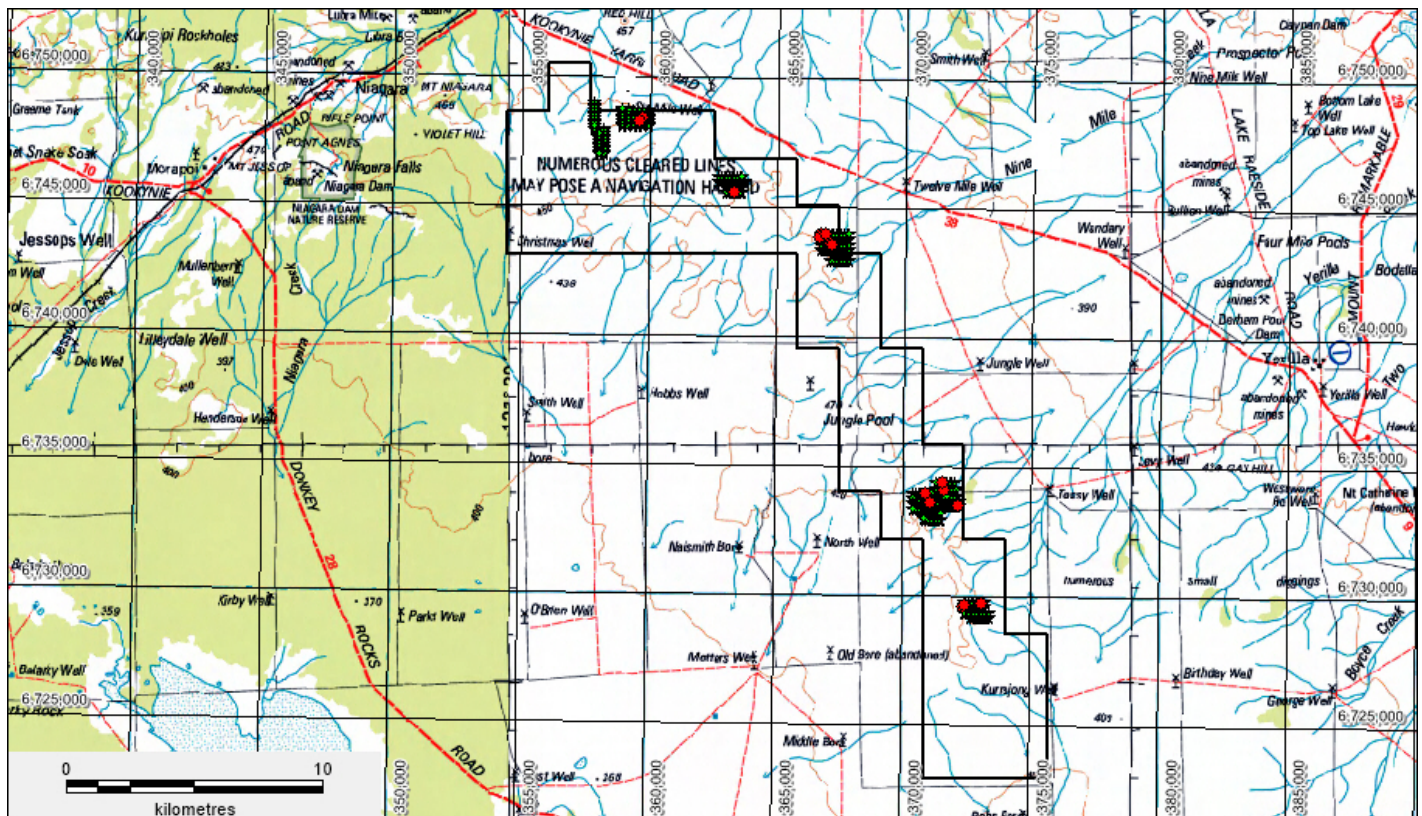
Jungle Hill – JHSS487 – 840 (354 soil samples) and JHRC020 – 046 (19 rock samples)

Eight Mile Dam – EMS001-170, 227-250 and 354-362 (203 soil samples) and JHRC020 - 046 (27 rock samples).

All results are not to hand and will be a separate ASX announcement and be reported in the March Quarter 2018.



**Figure 4:** Eight Mile Dam Sample Locations – Soil (green) and Rock (red)



**Figure 5: Junction Well Sample Locations – Soil(green) and Rock(red)**

### **Halls Creek – (Black and Glidden, Carrington, Sandy Creek and Wild Dog) Cobalt/Gold Projects**

The Halls Creek Project comprises 4 tenement applications (Figure 6) situated within the NE-SW trending Lamboo Province comprising 4 tectonostratigraphic terranes – Western, Central and Eastern. The western terrane is postulated to be an exotic crustal fragment that was accreted to the Kimberley Craton before 1900 Ma via north-westerly directed subduction. Easterly directed subduction led to the development of an oceanic arc at c. 1865 Ma, outboard of the Kimberley Craton; this initiated the formation of the Central Zone. Eastern Zone rocks are associated with a passive continental margin linked to the North Australian Craton. The Central Terrane comprises a broad suite of felsic to lesser mafic rocks, the Sally Downs Supersuite within which occurs a subsuite of gabbro to norite dominated rocks known as the Sally Malay and McIntosh Suites. The Sally Malay nickel-copper sulphide deposit lies at the base of a small layered intrusion enclosed within granulite facies garnet- cordierite paramigmatites and mafic granulites norite which host most of the mineralization are interpreted as a chilled border zone to the intrusion, into which settled an early separated sulphide liquid. The Hall Creek Project is situated primarily within gabbro to norite rocks of the McIntosh Suite.

Native Title Agreements are progressing with the Kimberley Land Council ahead of the granting of the tenements.



**Figure 6:** Halls Creek Project showing the 4 tenement applications located in the vicinity of Hall Creek

## QUEENSLAND

### Clarence Moreton Basin (Maryvale) Coal Project

EPC1506 is held 100% by wholly owned subsidiary APEC Coal Pty Ltd

There are no activities in this quarter.

## LICENCES STATUS

Pursuant to ASX Listing Rule 5.4.3 the Company reports as follows in relation to minerals tenements (Table 2) held at the end of the December 2017 quarter and acquired or disposed of during that quarter and their locations. There was no change in beneficial interests under farm-in or farm-out agreements.

	Tenement	Name	Commodity	Region	Registered Holder	Beneficial Interest	Area km2	Expiry
<b>Granted</b>								
9/03/2017	E08/2770-I	Darnell Hill	Iron	WA - Pilbara Craton	Kaili Iron Pty Ltd	100%	67.2	8/03/2022
28/07/2016	E45/4619-I	Bea Bea Creek	Iron	WA - Pilbara Craton	Kaili Iron Pty Ltd	100%	105.6	27/07/2021
21/11/2016	E46/1084-I	Bustler's Bore	Iron	WA - Pilbara Craton	Kaili Iron Pty Ltd	100%	64.0	20/11/2021
8/07/2016	E40/354	8 Mile Dam	Gold	WA - Yilgarn Craton	Kaili Gold Pty Ltd	100%	70.4	7/07/2021
30/05/2016	E31/1114	Jungle Hill	Gold	WA - Yilgarn Craton	Kaili Gold Pty Ltd	100%	150.4	29/05/2021
30/05/2016	E31/1113	Canegrass	Gold	WA - Yilgarn Craton	Kaili Gold Pty Ltd	100%	108.8	29/05/2021
1/07/2016	E27/550	Holey Dam	Gold	WA - Yilgarn Craton	Kaili Gold Pty Ltd	100%	67.2	30/06/2021
1/07/2016	E27/549	Gindalbie Dam	Gold	WA - Yilgarn Craton	Kaili Gold Pty Ltd	100%	25.6	30/06/2021
13/05/2009	EPC 1506	Maryvale 1	Coal	QLD - Surat Basin	APEC Coal Pty Ltd	100%	169.6	12/05/2020
Application	E80/5112	Black and Glidden	Cobalt/Gold	WA - Lambroo Province	Kaili Iron Pty Ltd	100%	102.4	N/A
Application	E80/5113	Carrington	Cobalt/Gold	WA - Lambroo Province	Kaili Iron Pty Ltd	100%	51.2	N/A
Application	E80/5114	Sandy Creek	Cobalt/Gold	WA - Lambroo Province	Kaili Iron Pty Ltd	100%	64	N/A
Application	E80/5115	Wild Dog	Cobalt/Gold	WA - Lambroo Province	Kaili Iron Pty Ltd	100%	70.4	N/A
							1116.8	

**Table 2:** Tenement schedule

*(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 2012 Edition 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**

**31<sup>st</sup> January 2018**